

Herald Tribune

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PARIS, MONDAY, DECEMBER 7, 1987

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|---------------|-------|-----------|-------|----------|-------|-----|------|
| Algeria | 6.00 | Dia. from | 115 | Rails | 0.000 | Bel | 1.25 |
| Austria | 27.5 | Italy | 1,800 | Portugal | 125 | Ec. | 1.25 |
| Bahamas | 0.750 | Den | 1,800 | Liba | 6.00 | Bel | 1.25 |
| Bahrain | 20.15 | Spain | 60 | Fin | 2.00 | Fin | 2.00 |
| Canada | 1.15 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |
| Cyprus | 1.00 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |
| Denmark | 11.00 | Dia. | 1.00 | Den | 1.00 | Den | 1.00 |
| Egypt | 1.00 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |
| France | 1.00 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |
| Germany | 1.00 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |
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| South Korea | 1.00 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |
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| Sweden | 1.00 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |
| Switzerland | 1.00 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |
| Taiwan | 1.00 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |
| Thailand | 1.00 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |
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| U.S.S.R. | 1.00 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |
| West Germany | 1.00 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |
| Yemen | 1.00 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |
| Yugoslavia | 1.00 | Swiss | 20.00 | Swiss | 2.00 | Fin | 2.00 |

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Paris Says Dollar Is Too Low

Citing 'Threat,' Balladur Seeks A Stronger EMS

Compiled by Our Staff From Dispatches

PARIS — Describing the dollar's decline as an "economic threat" to Europe, Finance Minister Edouard Balladur of France called Sunday for a rapid strengthening of the European Monetary System.

Addressing a forum on European unity, the French minister asserted that the U.S. currency was "obviously undervalued" and that its drop was "equivalent to American protectionism."

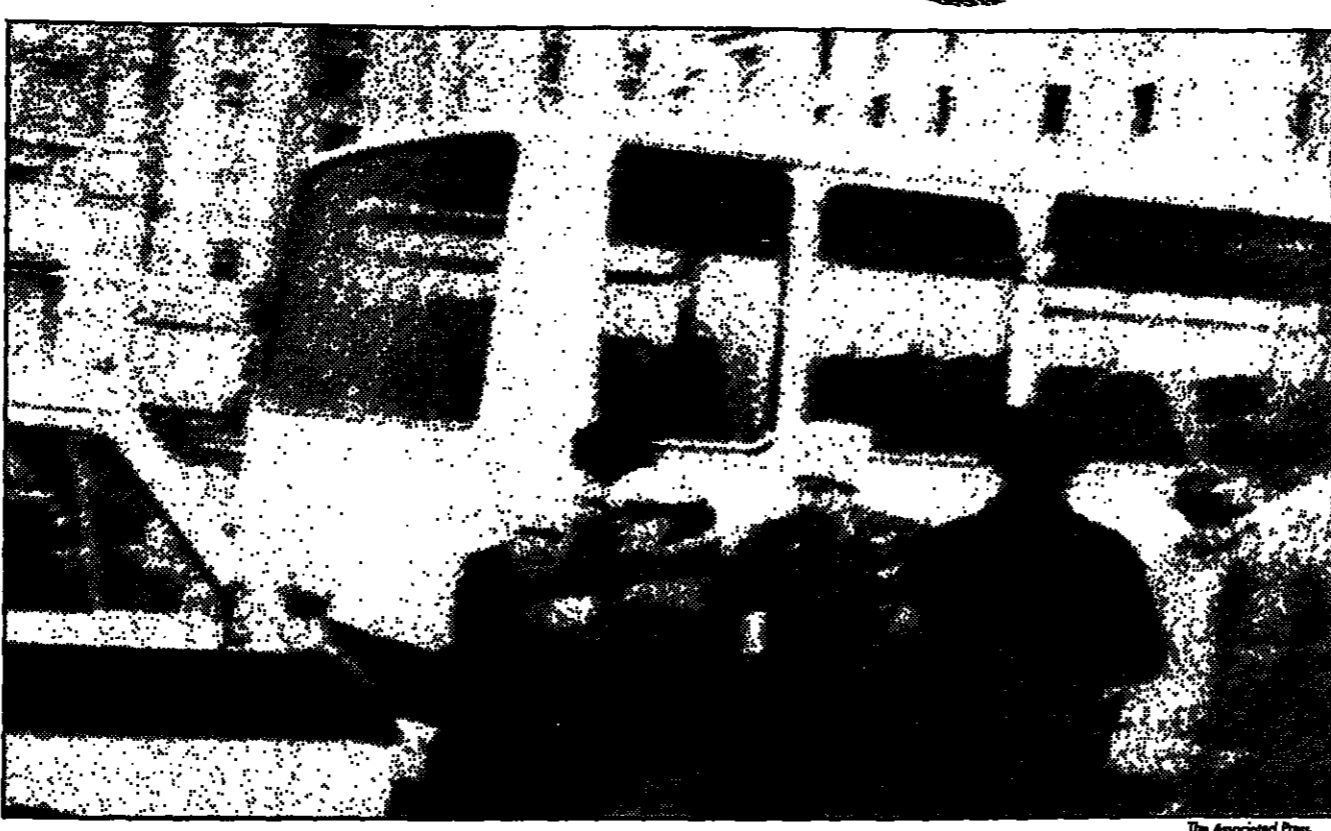
One measure that would bolster the EMS, a mechanism of fixed exchange rates linking eight currencies, is the adherence of "all currencies able to take part," Mr. Balladur said.

Of the 12 nations in the European Community, Britain is the most notable nonparticipant in the EMS's exchange-rate mechanism. The absence of the pound is seen as hindering the system's ability to control fluctuations.

In Basel, Switzerland, meanwhile, central bankers from the leading Western industrial nations were gathering for a monthly meeting of the Bank for International Settlements. The bankers are expected to discuss the effects of the dollar's decline as well as the risks of a global recession following the collapse of stock markets.

Mr. Balladur said the U.S. currency represented an "economic and commercial threat" to Europe because the dollar's weakness enhanced the competitiveness of newly industrialized Asian countries, whose currencies "are all directly or indirectly pegged to the dollar."

He said that European countries must take all possible steps to avoid See EMS, Page 15



Peter Arnett of Cable News Network is led away by agents and a militiaman during a demonstration Sunday in Moscow.

Moscow Emigration Protest Is Broken Up

By Celestine Bohlen
Washington Post Service

MOSCOW — A demonstration in front of the Foreign Ministry to protest Soviet emigration policy was broken up Sunday when bands of security men carrying signs calling for peace and mutual understanding shoved *refusenik* protesters and Western journalists, in some cases disconnecting television equipment.

Peter Arnett, a correspondent for the Atlanta-based Cable News Network, was dragged from a park at Smolensky Square and taken to a police station, where he was held for four hours. Members of his crew said their microphone cables had been yanked loose twice, and a producer for CBS said the power cable on their camera was detached several times.

Employing a tactic used at other human rights demonstrations, the authorities overwhelmed the unofficial protest with a hastily arranged "peace" rally in support of the Kremlin's disarmament policies and the summit meeting in Washington.

The crowd of "peace" demonstrators was heavily dominated by groups of young men, assumed to be plainclothesmen, who paid little attention to the oratory booming from a platform truck and focused instead on challenging the handful of protesters, whom they called "provocateurs" and "traitors" trying to "spoil the summit."

Scenes from the protest were shown later on Soviet television, and a commentator said the protesters had put their personal interests ahead of the country's.

The *refusenik*'s demonstration was illegal since organizers did not apply for permission.

The *refuseniks* who were able to arrive before the "peace" rally were quickly drowned out by the counter-demonstration, organized by the Soviet Peace Committee.

Five busloads of official demonstrators arrived at the park, including an estimated 200 security men in plainclothes, who mingled in the crowd and wore placards calling for "Peace," "A Nuclear-Free World" and "U.S.-Soviet Talks."

Several of the men were identified by participants as undercover officers who have broken up other Moscow demonstrations. They moved to break up any gathering by the *refuseniks*, forming a cordon around the group and silently joining See MOSCOW, Page 4

U.S. Hopes Summit Will Move Beyond INF

By Lou Cannon and Don Oberdorfer
Washington Post Service

WASHINGTON — Administration officials said Sunday that the summit meeting this week between President Ronald Reagan and the Soviet leader, Mikhail S. Gorbachev, could create momentum for an agreement on deep cuts in strategic nuclear arsenals and toward resolving the war in Afghanistan and other issues.

U.S. officials are particularly optimistic about the possibility that the three days of talks will produce progress toward a strategic treaty that Mr. Reagan and Mr. Gorbachev have said they would like to sign in Moscow next year. They emphasized, however, that such an agreement was not assured.

The two leaders are scheduled to sign a treaty limiting intermediate nuclear forces Tuesday, the first day of their summit meeting.

One official said the object was to settle as much as you can and simplify things so that the two leaders can issue instructions to negotiators, so that you can get a treaty in the first half of 1988.

The White House chief of staff, Howard H. Baker Jr., said in an interview that it was "conceivable, although it would be difficult" that a strategic arms treaty could be completed in time to gain Senate ratification next year despite the political obstacles that any accord is likely to face in a presidential election year.

Secretary of State George P. Shultz said in a separate interview that the United States would push for further progress on its broad agenda of human rights, arms control, regional issues and bilateral accords if the Washington summit meeting ends on a positive note.

Mr. Shultz said there was "a sense of a certain amount of momentum" with respect to Afghanistan and other regional conflicts such as Cambodia and southern Africa "that have been on dead center for quite a while."

He said that the administration, in its final year, would seek to resolve as many as possible of the disputes in the Third World, which in the past have been major impediments to long-term improvement in U.S.-Soviet relations.

A highly successful summit meeting leading to fundamental gains in relations between the Soviet Union and the United States could bring major changes in the world and in the internal policies and politics of both countries.

In the United States, a basic improvement in U.S.-Soviet relations could bring political realignments, especially to the disadvantage of the conservative Republican constituency that until now has been Mr. Reagan's most committed and loyal base of support.

Deep cuts in U.S. and Soviet strategic nuclear arsenals could give Washington and Moscow greater leverage to oppose the acquisition of atomic weapons by other nations.

Such cuts could also provide a solid basis for the talks on reductions in conventional forces from the Atlantic to the Urals that are expected to begin between the North Atlantic Treaty Organization and the Warsaw Pact nations next spring or summer.

Reductions in conventional forces, much more than cuts in nuclear weapons, could bring economically important savings in the military budgets of the superpowers and their allies alike.

If the Soviet Union should actually withdraw its troops from Afghanistan, as it is increasingly indicating it will, it would likely bring extensive improvement in Soviet relationships with the Islamic world, according to Michael H. Armacost, the U.S. undersecretary of state for political affairs.

Along with a resolution of the war in Cambodia, this could fundamentally improve Soviet relations with China and other powers of the increasingly important region of East Asia, Mr. Armacost said.

Whether the summit meeting does See SUMMIT, Page 4

Related Articles

- Moscow hints at a new flexibility on SDI tests. Page 5.
- Negotiators in Vienna end a fruitless round in talks on Central Europe troops. Page 5.
- Summit commentaries from William Safire, Flora Lewis, Anthony Lewis and Selig S. Harrison. Opinion, Page 6.

Kiosk

Parliament Shut In Bangladesh

DHAKA, Bangladesh (Reuters) — President Hussain Mohammad Ershad, facing strong protest against his rule, dissolved parliament on Sunday, state television announced.

The brief announcement said that Lieutenant General Ershad made the decision in accordance with the Bangladesh constitution. It gave no other details.

Sources within the ruling Jatiya Party had said the president might dissolve the parliament and call fresh elections to defuse opposition to his rule, following a series of crippling national strikes.

OPEC Confronts Threat Of a New Price Collapse

By Yousef M. Ibrahim
New York Times Service

PARIS — Political infighting and adverse market conditions have ended a period of relative stability for the Organization of Petroleum Exporting Countries, presenting a real possibility that the oil price collapse of 1986 is on the verge of repeating itself.

A drop in demand for OPEC oil next year because of the global turmoil on stock markets is anticipated. The cartel's market share will be further cut by a surge of new oil exports from countries outside OPEC, including North Yemen and Syria, and from the North Sea. And the falling dollar, in which oil revenues are denominated, is adding to pressure on oil producers to accelerate already widespread price-cutting.

These developments will present OPEC with enormous, perhaps insurmountable, odds at its year-end meeting on Wednesday in Vienna.

The organization is meeting at a time when it has all but lost its political cohesion and the pricing discipline it had constructed over the past year, particularly the fragile entente between the two OPEC rivals, Saudi Arabia and Iran.

OPEC sources and oil analysts are also alarmed by the refusal of Saudi Arabia, the world's largest oil exporter, to resume the role of market stabilizer, curbing its production to support oil prices.

This stand has repeatedly been expressed in the past few weeks by King Fahd and his oil minister, Hisham Nazer. Mr. Nazer has warned that Saudi Arabia will see oil prices fall, rather than lose its market share.

"It is a difficult situation, especially if some members insist on irrational behavior," a senior Arab official in the Gulf, who will be a key decision-maker at the OPEC meeting, said Saturday. The official asked not to be identified.

Kuwait's oil minister, Sheikh Ali al-Khalifa as-Sabah, warned in a recent interview that he does not exclude the possibility of a collapse similar to the one that brought prices down to as low as \$9 a barrel last year.

"The only good thing that can be said about OPEC's dilemma now is that adversity has always been its best ally," said Pierre Terzian, a Paris-based oil analyst and editor of *Petrostrategies*, an oil trade newsletter.

"Whenever they are staring at catastrophe, and they are doing so right now, they seem to find the political will to do something about it," he said.

"I think they will find some agreement," Mr. Terzian added. "The question is, what kind of an agreement? Will it be enough to prevent the fall?"

This may be harder to fathom because of the growing Saudi-Iranian animosity.

Kissinger on Gorbachev: No Risks

On the eve of the Washington summit, Henry A. Kissinger, the former U.S. secretary of state, discussed the meeting's likely outcome and its international implications with the *International Herald Tribune's* political correspondent, Joseph Fitchett.

Q: What results do you expect from the summit?

A: INF [the intermediate-range nuclear forces treaty] is done, although its exact terms have not yet been made public, and I expect that they will make very big progress toward 50 percent reductions in strategic weapons. This will include a framework agreement on the Strategic Defense Initiative, so that President Reagan doesn't have to give it up, but will in effect postpone it for a long time.

Q: Are you implying a risk that SDI could be snared by Soviet disarmament diplomacy at the summit?

A: It's already snared in my view. They will agree to extend the ABM treaty, and Gorbachev will make a unilateral statement asserting the narrow interpretation of the Anti-Ballistic Missile treaty. He will also try to make the strategic cuts hostage to that doctrine on ABM, increasing the pressure in Congress in that direction. The effect of a 10-year moratorium on real testing is that you won't have anything to deploy after that time. So President Reagan can abandon SDI or at least postpone it for a long time, without formally giving it up.

Q: You've said elsewhere that previous Soviet leaders rarely seemed to be allowed to negotiate alone with their U.S. counterparts. Now it seems to be the other way around, and Mr. Gorbachev apparently relishes springing initiatives. How does he operate as a negotiator?

A: He's much different from any Russian I've ever known. I haven't negotiated with him but clearly he's clever and he's tough and he's still pursuing the aim of getting a number of years to concentrate on domestic affairs. I do not believe he started out in order to weaken the Western alliance, I believe he started out to try to find out what price he had to pay to get five years. To his amazement, he found that he can get benefits while he is gaining time. I don't blame him for that. From a posture initially designed to gain time, he has now found a mechanism by which he can weaken the Atlantic alliance, or think he can, mainly by disarmament diplomacy. That certainly strengthens his position vis-a-vis the military and the secret police, whom he needs to support him against the managers and the Communist Party, which is more committed to central planning.

Q: Is there any step Mr. Gorbachev might take at the summit that proved politically disastrous for him?

A: There's no risk in any of this for him, it will help him at home. The only thing that could cause trouble for him domestically would be if he did something major in political relations, like cutting aid to Nicaragua, and I don't expect him to do that.

Q: Do you think that the treaty to be signed at the summit is a step toward U.S. disengagement from Europe?

A: President Reagan believes he is strengthening the position of free countries by signing this treaty and he would not See KISSINGER, Page 4



Parliament Shut In Bangladesh

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The brief announcement said that Lieutenant General Ershad made the decision in accordance with the Bangladesh constitution. It gave no other details.

Sources within the ruling Jatiya Party had said the president might dissolve the parliament and call fresh elections to defuse opposition to his rule, following a series of crippling national strikes.

Mention Russia, and the U.S. Heartland No Longer Sees Red

By Haynes Johnson and Claire Robertson
Washington Post Service

MASON CITY, Iowa — Bruce Weaver knows the type, and with good reason: He's one himself.

"Definitely a salesman," he pronounced, after intently watching Mikhail S. Gorbachev's homing interview on NBC last week. "That's a career I'm in and he reminded me extremely well of the president of the company I work for. This guy's a salesman. He could take on the questions, disagreements or whatever you want to call them, turn them back into a positive and really convince us they were doing the right things. Definitely a salesman."

The metaphor of traveling salesman is apt for the Soviet leader, who arrives in Washington on Monday for a summit meeting with President Ronald Reagan. People in "the north-central cash grain area of Iowa," as residents proudly call it, and those surveyed in national opinion polls, overwhelmingly view Mr. Gorbachev's trip positively. Yet they approach what he's selling with a certain caution.

Such American ambivalence toward the Soviet Union is not new. It is a product of suspicion and fear born of bitter experience over many generations.

What does seem new, almost startlingly so when measured against the anti-Communist rhetoric stirring in some Washington political circles, is the way old fears and passions about Communism and the Soviet Union have receded in the traditionally conservative American heartland. They have been replaced, most notably, by fear of other "isms" from abroad: radicalism and terrorism.

"I look forward to Gorbachev's visit being a positive rather than a negative," said Rich Dean, 59, who works the farm his great-grandfather purchased outside Mason City in 1885. But Mr. Dean expressed a typical cautionary note. "That Communist religion does not change overnight," he said, "not in one decade, or in two decades."

The Midwest, once the bastion of isolationism and anti-Communism, has not undergone an ideological conversion. But if politically moderate, middle-of-the-road Mason City is any guide, a subtle, complex business with trusting them philosophical.

"Second, and by far the most striking in its implications for U.S.-Soviet relations, is the belief that the threat of Communism has been supplanted by fears of radicalism, causing senseless, indiscriminate killings and terror of the kind commonplace in the Middle East.

"There's a different force at work in the world today, and that force is radicalism," said Thomas E. Jolas, 55, an attorney, whose view was typical. "It bothers people a lot more than the threat of Communism. The Russians are not as radical as the radicals we see; they're a pretty good decent friend, really."

— Thomas Jolas, Iowa lawyer

First is a matter of practical economic self-interest.

We're in trouble economically and so are they, people in Mason City say repeatedly. We're in a global economy, and so are they. We need trade, so do they. We need to reduce spending on armaments in order to resolve other problems, and so do they. We experienced embittering defeat against inferior peasant forces in Vietnam, as it seems they are in Afghanistan. Thus, conditions appear ripe for a new start between old adversaries. Let's deal.

"I have never been opposed to doing business with them, particularly in the area of food," said County Treasurer Michael Gandon, 45. "If it's good for agriculture, it's good for Iowa. If it's good for Iowa, it's good for me. So those are somewhat selfish motives on my part. I don't confuse doing

The Russians are not as radical as the radicals we see; they're a pretty good decent friend, really.

— Thomas Jolas, Iowa lawyer

significant change in American attitudes toward the Soviet Union has occurred.

In a series of interviews that coincided with a Washington Post-ABC News poll on the subject, residents of Mason City, population 32,000, expressed their feelings about American-Soviet relations.

Japan Educators Build A Little Tokyo-sur-Seine

By Charles D. Sherman
International Herald Tribune

PARIS — As the school athletics class begins, 25 girls in white sports kimono bow sharply in unison to their judo instructor. The room is decorated with children's paintings, blood-colored sunsets and misty views of Japan's Inland Sea.

Inside the surrounding classrooms more students apply themselves to a standard curriculum prescribed in Tokyo by Japan's Ministry of Education. Outside the school, the Seine wanders out of Paris toward the English Channel.

Welcome to the Franco-Japanese Cultural Institute, a junior high school, which beyond its location on the banks of the Seine in the Paris suburb of Suresnes, has almost nothing France about it. Welcome, that is, if you are Japanese.

The school, established in 1973 and funded almost totally by the Japanese government, is known officially to the Japanese as the Nihonjin Gakkou, or Japan Peoples' School. The name Institut Culturel Franco-Japonais is the school's designation under French law.

While hundreds of Japanese children attend French or international schools in Paris, the Japanese school's bylaws bar non-Japanese.

The Paris Nihonjin Gakkou, with 400 students enrolled in primary and junior high classes, is one of seven public Japanese schools across Europe stamped from the same mold. Rome, Madrid, Athens, Düsseldorf, Frankfurt and London have Japanese schools supported by Tokyo.

The rapid overseas expansion of Japanese business enterprise is behind the creation of the See SCHOOL, Page 4

GENERAL NEWS

- A meeting in February may be the European Community's last chance to overhaul its finances, an official said. Page 2.
- Talks on Nicaragua fighting broke down after Managua rejected a truce plan. Page 3.
- China vowed support for Prince Sihanouk and called for Vietnamese troops to leave Cambodia. Page 7.

SPORTS

- Ivan Lendl and Mats Wilander gained the Masters tennis tournament final. Page 16.
- San Francisco, whose Joe Montana set a record, and Washington gained the National Football League playoffs. Page 17.

BUSINESS/FINANCE

- Eurobond ratings for Brazil, Argentina and Venezuela were downgraded. Page 13.
- Banco de Bilbao dropped its hostile bid for another Spanish bank when the stock exchange objected.



Students hit the mats during a judo class at the Franco-Japanese Cultural Institute near Paris.

PEOPLE
Lured to Resilience
In New London

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FOR MORE
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LONDON

DAKS COOL

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PARIS
GENEVE
HONG KONG
TOKYO
HAMBURG
ATHENS

ALLS TO THE U.S.A.

EC, After Summit Failure, Warned of Last Chance

PARIS — Jacques Delors, president of the EC Commission, said Sunday that the European Community summit conference in Copenhagen had not been a complete failure but that an emergency meeting scheduled for February might be the last chance to overhaul the community's finances.

"In the modern world, Europe has to rely on itself," he said, calling for imaginative action by member governments to promote growth and closer monetary union in the 12-nation community.

The Copenhagen meeting ended in disagreement over the budget, especially over how soaring farm spending should be curtailed.

Mr. Delors warned that when European leaders met in Brussels in February they would have "a second, and perhaps last, chance" to come to terms with the issues.

He said future summit meetings should concentrate on the broad sweep of community and world affairs, and not become entangled in technical details of policy.

"It is like a large car with a small moped engine inside it," he said at a Paris symposium on European unity. "Europe is on the move, but it is not going fast enough."

Former President Valéry Giscard d'Estaing of France, who organized the symposium, said that while the result of the Copenhagen meeting "should not lead to discouragement," it "sends out a signal of European impotence."

1992 Efforts Damaged

Earlier, James M. Markham of *The New York Times* reported from Copenhagen:

The leaders' inability to agree by Saturday night on changes to ease the community's transition to a frontier-free trading bloc by 1992 was a blow to efforts to knit together a credible West European political and economic entity.

The failure of the two-day session was especially painful because it came on the eve of a superpower



Jacques Delors, left, and Prime Minister Poul Schlüter of Denmark at the closing EC news conference in Copenhagen.

summit meeting in Washington and at a time of deep uncertainty about the course of the world economy.

"What we see is the image of a Europe that is absent while others will decide the future of the world," declared President François Mitterrand of France, alluding to the U.S.-Soviet talks this week. "The year 1992 is tomorrow."

Prime Minister Margaret Thatcher of Britain and Chancellor Helmut Kohl of West Germany stressed, however, that progress was made in Copenhagen, and that it is meant to be consummated at the emergency meeting scheduled for Feb. 11 and 12 in Brussels.

"A fudged agreement would have been the worst possible result," Mrs. Thatcher said. She said it had been a big step forward that there was now "agreement not whether we should get spending under control but how."

Mr. Delors had portrayed the Copenhagen talks as a make-or-break milestone for the community, which will face a \$6 billion gap in resources next year if there are no measures to cut the agricultural subsidies that absorb 70 percent of its budget. The leaders also failed

Waldheim May Have to Quit, Vienna Mayor Hints

VIENNA — Mayor Helmut Zilk said Sunday that Kurt Waldheim might not have the final word on remaining president of Austria if the international commission checking his war record were to cast doubt on his integrity.

"Waldheim must have the first word on the results, but that does not mean he will have the last," Mr. Zilk told a television interviewer. He was the first leading politician in Austria to imply that Mr. Waldheim could be forced to resign.

Mr. Zilk, a prominent Socialist who is seen as a possible successor to Mr. Waldheim, said a president should consider resignation if his moral competence is called into question to a degree that casts doubt on his competence as president.

"If he has grounds to resign, then I expect the president to see the problems himself," Mr. Zilk said. After the commission makes its report and Mr. Waldheim decides what action to take, "we must sit down together and take the discussion from there," he said.

Asked if the resignation question would depend solely on Mr. Waldheim, Mr. Zilk said he believed not. He did not spell out how Mr. Waldheim might be removed from the presidency if he wished to remain.

The Chicago Sun-Times newspaper said Sunday that Foreign Minister Alois Mock, until now a staunch backer of Mr. Waldheim, said U.S. and British officials that his conservative Austrian People's Party would force the president's resignation by withdrawing support from him after the commission report is published.

U.S. Documentation

Ralph Blumenthal of *The New York Times* reported earlier:

The Justice Department has told the panel investigating charges against Mr. Waldheim that it barred him from the United States because it found sufficient evidence to implicate him "personally" in wartime persecutions, according to those who have seen the material.

Recent reports from Vienna have suggested that the panel is undertaking a more comprehensive inquiry than some in Mr. Waldheim's party had expected.

Mr. Waldheim has consistently denied any involvement in killings and deportations of Jews and other civilians.

The commission had asked the Justice Department for documentation backing up its decision in April to put Mr. Waldheim on the "watch list" of foreigners barred from entry into the United States.

The department's investigation unit would not provide the documentation, but replied to the American member of the panel, Brigadier General James Lawton Collins, in part as follows:

"It has been suggested that the U.S. action resulted from the fact that Kurt Waldheim was in the area where crimes and acts of persecution took place and that mere proximity to such activities warranted a watch list decision. That simply is not the case and we have never so represented.

"On the contrary, the findings are that there is sufficient evidence to implicate Mr. Waldheim personally and in conjunction with the small functional units to which he was attached and in acts which clearly constitute persecution under established legal precedent."

General Collins said the panel already had most of the material available to the Justice Department, but he said he was barred from discussing the deliberations.

WORLD BRIEFS

Troops Leaving Angola, Pretoria Says

PRETORIA (Reuters) — South Africa said that it has begun pulling its troops out of Angola, where they have been supporting rebels in a civil war against Soviet- and Cuban-backed government forces.

South Africa's army chief, General Jannie Geldenhuys, said Saturday in a statement that no details of the withdrawal would be given because "care is being taken to ensure that the safety of our soldiers is not jeopardized." Last month, South Africa rejected a demand by the United Nations Security Council that it pull its troops out of Angola.

General Geldenhuys said South Africa had always been willing to pull out if an estimated 35,000 Cuban troops also left the country or if South Africa's "interests had been secured." He said that the troops were leaving after "the successful completion of certain tasks in the interests of South Africa and South-West Africa/Namibia." Namibia, which borders on southern Angola, is ruled indirectly by South Africa.

Iranian Optimistic on Ties to France

NICOSIA (Reuters) — Prime Minister Mir Hussein Mousavi of Iran expressed optimism on Sunday that Tehran's relations with France would improve, but he said this depended on the attitude of officials in Paris.

Speaking on the Tehran radio in a broadcast monitored on Cyprus, Mr. Mousavi said Iran was willing to have equal relations with all but "a few" countries. France and Iran broke relations in July but swapped captive embassy officials recently to end a five-month diplomatic crisis.

"Regarding France, we are more optimistic than before that this trend would continue," he said, adding that the future depended on France's attitude. He did not specify what Iran wanted France to do, but Chief Justice Musavi Ardebili said on Friday that he hoped France would recall its warships from the Gulf.

Buthelezi Hardens Position on Talks

JOHANNESBURG (AP) — Chief Mangosutho Buthelezi, leader of the Zulus and one of the South Africa's most powerful black moderates, called Sunday on the white-led government to drop its contention that the country's millions of blacks are divided into tribal minorities.

Chief Buthelezi had said in the past he would not take part in a proposed national advisory council until Nelson Mandela, the black nationalist leader, and other prominent political prisoners were freed from prison. But in a statement Sunday, the chief toughened his demands, saying it would be "suicidal" for him to enter negotiations as long as the government "refused to deal with the reality of a black majority."

Afghan Rebel in Bid to End Conflict

PESHAWAR, Pakistan (AP) — A leader of an anti-communist Muslim rebel group has offered a plan for the withdrawal of Soviet troops from Afghanistan, including their free passage and amnesty to supporters of the Kabul government.

Gulbuddin Hekmatyar, leader of the Hezbi Islami, said Saturday that the first stage should be establishment of an impartial government acceptable to all guerrilla groups, which would supervise the withdrawal of the Soviet forces. He did not spell out the type of government, but rejected Kabul's offer of a coalition government under former the king, Mohammed Zahir Shah. In June, the exiled king also rejected the offer.

Once a government is installed, the Soviet forces would "leave their positions and come to a few specified bases" from where the withdrawal would be orchestrated, Mr. Hekmatyar said. He said the Soviet troops would be "guaranteed free passage and a general amnesty would be given to all supporters of the Soviets who are remorseful of their past actions."

Alfonso Sees Shift in U.S. Latin Policy

BUENOS AIRES (AP) — President Raúl Alfonsín described Argentine relations with the United States as mature and said that Washington no longer believes that U.S. security in Latin America depends on authoritarian rulers.

But Mr. Alfonsín criticized U.S. support for Nicaraguan rebels and said that the U.S. position is "highly inconvenient for the search for peace" in Central America.

Mr. Alfonsín said Saturday at a press conference that U.S. attitude toward Latin America had changed. The United States, he said, "has demonstrated its willingness to support the democracies."

For the Record

The body of a Syrian soldier, shot eight times, was found Sunday West Beirut, the police said. Syrian troops have come under repeated attack since Damascus sent 7,000 soldiers into West Beirut last October to quell violence.

Gunmen in Colombia killed Rafael Cardona Salazar, who was considered a key member of the drug ring that refines and ships most of cocaine consumed in the United States, police in Bogotá said.

TRAVEL UPDATE

West European Air Fares May Drop

BRUSSELS (Reuters) — Western Europe's high air fares may be falling early next year if European Community officials win approval Monday of a landmark European Community deal on airline competition.

Settlement of an British-Spanish dispute over Gibraltar airport last Thursday, officials said, meant there were no more impediments to formal adoption by community transport ministers, of fare-cut measures at a meeting in Brussels. They are expected to set a starting date for cuts.

The measures will cut national government power to restrict competition between scheduled airlines. This is expected to give carriers greater freedom to fix prices and expand their share of business on routes short with rivals. Smaller airlines will be allowed to compete with established carriers on the busiest routes, and open up new services as well.

Alitalia and Aft canceled 75 flights scheduled for Monday, Tuesday and Wednesday and warned of the possibility of other travel disruptions resulting from surprise walkouts. The move followed a 24-hour strike ground personnel at Italian airports that caused cancellation or delay of most international and domestic flights Sunday.

This Week's Holidays

- Banking and government offices will be closed or services curtailed the following countries and their dependencies this week because of national and religious holidays:
- MONDAY: Ivory Coast, Thailand, Venezuela.
 - TUESDAY: Andorra, Argentina, Austria, Brazil, Chile, Colombia, Costa Rica, Guam, Italy, Liechtenstein, Macao, Monaco, Nicaragua, Panama, Paraguay, Portugal, San Marino, Seychelles, Spain, Vatican City.
 - WEDNESDAY: Tanzania.
 - THURSDAY: Angola, Thailand.
 - FRIDAY: Kenya, Mauritania, Mexico.
 - SUNDAY: Malta.
- Source: Morgan Guaranty Trust Co., Reuters

DOONESBURY



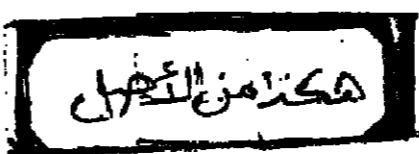
The longer the journey, the more pleasurable its interludes should be.

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AMERICAN TOPICS

Organic Farming Helps Slow Erosion

Experiments in southeastern Washington state show that organic farming—the use of natural fertilizers—curbs erosion, as well as saves groundwater from the toxic effects of chemical pesticides and herbicides and artificial fertilizers, according to Nature magazine.

Experts at Washington State University found that the topsoil on Don Lambert's farm was about 24 inches (60 centimeters) thick, or six to 10 inches thicker than the soil on the adjacent farm, which uses chemicals.

The earth on the Lambert farm was found rich in organic materials, which help bind the soil and retain moisture. Crops are rotated, so that grass crops, with no erosion, are grown on land used the previous year for erosion-prone row crops.

Mr. Lambert says he has no regrets about sticking with organic farming in the chemical revolution of the 1950s. For one thing, he said, "my neighbor down the road has a \$30,000 fertilizer bill."

Former CIA Agents Assail Covert Action

A group of former Central Intelligence Agency executives, analysts and operatives has established the Association for Responsible Dissent to campaign for an end to covert action by the U.S. government.

"Seven presidents since World War II have watched their administrations utterly destroyed or deeply embarrassed and the country discredited by covert action," said the group's executive director, John Stockwell, who ran covert CIA operations in the Angolan civil war in 1975.

"We are going to try to expose covert action," said Philip C. Roettinger, a former case officer who helped to overthrow President Jacobo Guzman Arbenz of Guatemala in 1954.

"We're going to try to get it legally banned because we can find no reason, no justification" for it.

Asked what the agency's reaction to the organization might be, Mr. Stockwell replied, "My guess is that they have been wondering for 10 years why we've been so slow in getting organized."

Would the group be dismissed as a "bunch of crackpots?" Mr. Stockwell said: "No, sir. We're distinguished citizens, doctors, lawyers and attorneys. We have medals that we earned risking our lives defending the country."

Short Takes

A man whose pit bull terrier killed a 2-year-old boy has been charged with second-degree murder in Santa Clara County, California. Alan Nadelman, a deputy district attorney, said the dog had been trained to fight and was tethered in an area "where a small child would have access to it." Murder requires a showing of malice. Manslaughter does not. Mr. Nadelman said the prosecution would argue that the actions of the dog's owner, Michael P. Berry, meet the legal definition of malice in that he acted with "wanton disregard for the consequences." A local human society spokesman said that if the charges stick, Mr. Berry would become the first person in the country convicted of murder for a death caused by an animal.

Millicent Brower, a reader of The New York Times, is so weary of having her mail addressed "Occupant" that she has written a poem about it: Oh merchants, hear the humble plea Of a lowly occupant like me: Before my earthy years are spent, Please! Address my mail to RESIDENT.

Notes About People

In an interview with U.S. News & World Report, President Ronald Reagan said of his wife, Nancy: "Knowing her and being married to her is kind of like coming into a warm fire-lit room when you've been out in the cold."

When Representative Morris K. Udall of Arizona ran for the Democratic presidential nomination in 1976, it was frequently said that he was "Too Funny to Be President," which is now the title of Mr. Udall's new book. He says he sees jokes as public property and operates according to the rule of the columnist Art Buchwald, which goes: "The first two times you use a joke, give your source credit. From then on, the hell with it! Be shameless—claim it as your own."

—ARTHUR HIGBEE



Guards leading an inmate from the federal penitentiary in Atlanta after the revolt by Cuban prisoners ended.

In Cuban Riots, a Failure of U.S. Foresight

By Robert Pear, New York Times Service

WASHINGTON — U.S. officials overlooked early signs of trouble and failed to take precautions that might have avoided the riots by Cuban inmates at federal facilities in Oakdale, Louisiana, and Atlanta.

Officials sent extra staff members to the Oakdale detention center and the Atlanta prison after learning that the government had signed an agreement with Cuba providing for repatriation of some of the inmates.

However, they did not take additional steps that, according to experts, could have prevented the tensions that inevitably followed the signing of the agreement from escalating into a riot.

J. Michael Quinlan, the director of the Federal Bureau of Prisons, defended the government's handling of the crisis.

"In my own judgment, I don't think it could have been avoided," he said.

However, a review of events leading up to the riots suggests that government decisions and policies contributed to the problems that led to the violence. The riots began Nov. 21, with the taking of hos-

tages and setting of fires at the Oakdale facility. The rioting in Oakdale and Atlanta resulted in the death of one inmate and the seizure of more than 120 hostages, as well as millions of dollars of damage to government property and anguish for relatives of prison workers and Cuban detainees.

Interviews with dozens of U.S. officials, former hostages and relatives of the Cuban inmates yielded these insights into the crisis:

• Cuban inmates were almost successful in their effort to break out of the Oakdale facility when the rioting began. They were thwarted by a quick-witted immigration officer who threw gas grenades into the compound to keep inmates away from fences surrounding the detention center.

• After the rioting began at Oakdale, prison officials in Atlanta considered but rejected extra precautions to prevent an uprising there.

The government, he said, then could have imposed restrictions on the second group and confined them to their cells or to one unit of the prison, where correctional officers could have supervised them more closely and given them special counseling.

The Cuban inmates did not achieve their principal goal: an assurance that they could remain in the United States.

But they won a moratorium on deportations, the right to parole hearings and a large measure of public attention, which had largely eluded them in more than five years of court battles.

Even after the Atlanta hostages were released on Friday, Attorney General Edwin Meese 3d and Mr. Quinlan refused to answer questions about how the riots might have been prevented. Mr. Meese said U.S. officials would discuss such questions this week as part of "a general critique of the whole situation at both Oakdale and Atlanta."

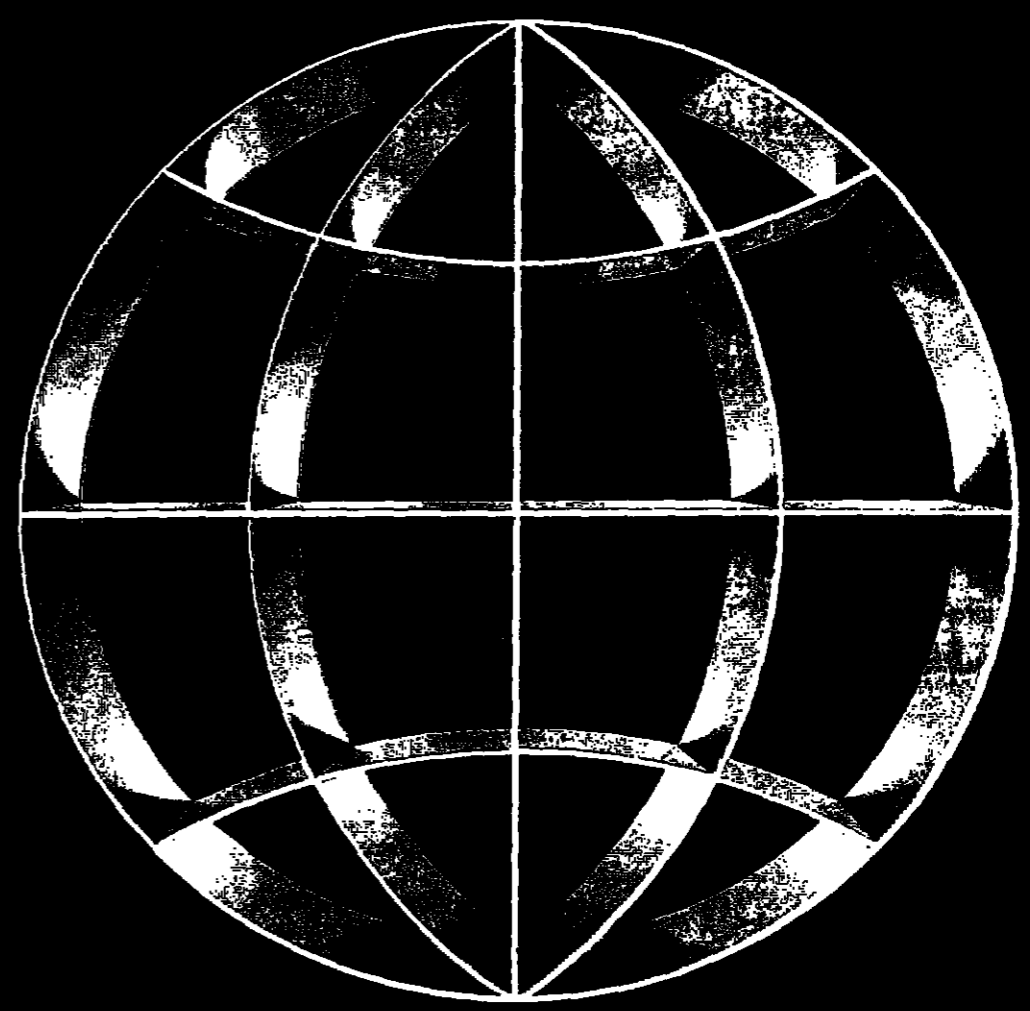
Guards in Atlanta picked up signs that trouble was brewing after inmates heard about the Oakdale uprising from television reports, but officials nevertheless concluded that the atmosphere in the Atlanta prison was normal and routine. Rioting began there on Nov. 23.

• In all, prison officials were unable to prepare for the riots because they had not been told that U.S. diplomats were about to sign an agreement with Cuba providing for the repatriation of more than 2,500 Cuban émigrés.

Anthony P. Trivisono, the executive director of the American Correctional Association, said that if the Justice Department had had two weeks' notice of the repatriation agreement, it could have separated people who would be allowed to remain in the United States from violent offenders who were to be deported.

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Managua Rejects Plan By Cardinal for a Truce

By Stephen Kinzer, New York Times Service

SANTO DOMINGO, Dominican Republic — Talks between Nicaraguan guerrillas and government representatives have broken down after the Sandinist delegation refused to accept a proposal from the mediator, the Roman Catholic primate of Nicaragua, for a cease-fire.

Cardinal Miguel Obando y Bravo proposed a truce during which the government would decree a general amnesty, end all restrictions on press freedom and lift a state of emergency decree that has been in effect for almost six years.

The guerrillas accepted the proposal, which was similar to plans they had offered in the past. But the head of the Sandinist delegation, Deputy Foreign Minister Victor Hugo Tinoco, said Friday that the proposal was incomplete.

He said it would be acceptable only if it were expanded to include an end to all outside support for the guerrillas.

"I would say we are at a dead point," Cardinal Obando y Bravo said after the round of talks ended.

He called on President Daniel Ortega Saavedra to open direct talks with the rebels instead of insisting that they be held through an intermediary.

Mr. Tinoco rejected that idea, proposing that another round of indirect talks be held in the Dominican Republic beginning Dec. 17.

He said progress would be slow and difficult because of what he described as behind-the-scenes manipulation of the rebels by the Reagan administration. Mr. Tinoco called the rebel delegation a "mercenary representation of the United States government."

"One of the fundamental parties in this conflict is not sitting at the table, and that is the United States," Mr. Tinoco said. He de-

scribed the talks as "a first and good step," and denied that the Nicaraguan government had rejected the cardinal's proposal.

"We have made suggestions to improve this proposal," he said. A spokesman for the guerrillas, Bosco Matamoros, said the rebels "fully endorse the cardinal's proposal."

"This was a missed opportunity to move forward," Mr. Matamoros said. "The Sandinists want to talk only about a cease-fire, separating that point from the comprehensive and global issues. But, if we have democracy in Nicaragua, there will be no need for military struggle."

The Central American peace accord requires the governments in the region to negotiate cease-fires with rebel groups and to permit full democratic freedoms.

Last month, the Nicaraguan government and the rebels agreed to mediation by Cardinal Obando y Bravo. They encouraged him to offer suggestions, but neither agreed to be bound by them.

Engine Falls Off Boeing 737 on Flight to Boston

The Associated Press

PHILADELPHIA — One engine fell off a Boeing 737 five minutes after takeoff Saturday on a USAir flight to Boston, but the plane returned safely to Philadelphia 19 minutes after it left, officials said. No injuries were reported on the ground or in the plane.

The pilot learned from a cockpit instrument that he had no power from the right wing-mounted engine of the two-engine plane and immediately turned back, said a USAir spokesman. The engine dropped 5,000 feet (1,520 meters) into a farm field in Deptford Township, New Jersey.

The 20-foot-long Pratt & Whitney engine, weighing about 4,500 pounds (2,045 kilograms), made a hole two feet deep. The spot where it fell was 155 feet from a house and 400 feet from a road.

A passenger, Kelly Coville of Massachusetts, said that people sitting on the right side of the plane saw the engine drop off and that the plane swayed from side to side.

After the engine fell, the five crew members told passengers to study the locations of emergency exits and how to use escape chutes in case the plane caught fire upon landing, but the pilot landed without incident.

The engine passed over several houses before it landed, said a Deptford police officer, Joseph Hollingsworth. "It was pretty lucky it didn't hit any houses," he said.

Advertisement for Thalassa watches. Features a large image of a watch with a metal link bracelet and a white face with multiple dials. Text includes 'THALASSA', 'JEAN LASSALE', and 'Geneve'. Contact information for Thalassa S.A. is provided at the bottom.

Advertisement for The Chesterfield Hotel. Text includes 'Quiet Elegance in London's Most Fashionable Setting', 'The Chesterfield Hotel', '35 Chester Street, Mayfair', and contact details for the hotel.

Vertical text on the left margin: BRIEFS, on Ties to France, Position on Tal, Bid to End Conf, ft in U.S. Latin Pe, I UPDATE, Air Fares May Dr

Iran Raiders Set Tanker Afire in Gulf, Kill Sailor

By John Kifner
New York Times Service

CAIRO — Iranian gunboats raided two tankers Sunday, setting one ablaze and killing at least one crewman on the other.

The Singapore-registered tanker Norman Atlantic, loaded with potentially explosive naphtha, reported a fire out of control after it was bombed with rocket-propelled grenades off the Oman coast as it sailed toward the Strait of Hormuz, the entrance to the Gulf.

Earlier, Iranian Revolutionary Guards on a speedboat had fired a half-dozen rocket-propelled grenades — normally used against tanks — at the Danish-registered tanker Estelle Maersk off Dubai in the United Arab Emirates. One crewman was killed and another seriously injured.

Meanwhile, Iraq admitted that it had bombed an oil tanker belonging to Saudi Arabia, its supporter, by mistake.

The Iraqi air force commander, Air Marshal Hameed Sha'ban, issued a profuse apology to "our dear brothers in Saudi Arabia."

"A bomb was dropped from one of our airplanes due to a navigational mistake and fell on Saudi Arabian Arabi island at 1:29 P.M. while Iraqi warplanes were carrying out their duty over the Arab Gulf on Friday," his statement said.

The Saudi Arabian island lies about 25 miles (40 kilometers) south of Iran's Farsi island, where Revolutionary Guards have a speedboat base.

The official Saudi Arabian press agency said that Baghdad and Riyadh had discussed the incident and "both countries consider the matter closed."

Saudi Arabia denied that any of its soldiers had been killed in the accidental bombing.

The Iranian gunboat attacks followed two Iraqi attacks last week on ships carrying Iranian oil on the eastern side of the Gulf.

The attack on the Danish ship, carrying a full load of Saudi crude, came early in the morning.

A rescue helicopter crashed while landing on the vessel to evacuate the wounded. One of the injured sailors, who had lost a leg, died because he could not be evacuated swiftly enough by launch.

There were fears that the Norman Atlantic, which had loaded its cargo in Kuwait, might blow up. Oman coast guard launches took the crew off the ship, which was listing heavily to starboard, and salvage tugs were heading toward the vessel.



The tanker Norman Atlantic after it was attacked Sunday by an Iranian gunboat in the Gulf.

SUMMIT: U.S. Looks Beyond INF KISSINGER: No Risk for Soviets

(Continued from Page 1)
velopes the momentum foreseen by some administration officials is likely to depend on what happens in the eight hours of scheduled talks. About a third of this time is expected to be spent in private conversation between Mr. Reagan and Mr. Gorbachev.

"There are sure to be some surprises," said one official, harking back to the unexpected developments at the Reykjavik meeting in October 1986. "Gorbachev and other Soviet officials have come to every high-level meeting with proposals that have gone well beyond their previous positions."

Mr. Reagan is prepared to deal seriously with any Gorbachev proposal and is also prepared to press the Soviet leader on regional and human rights issues, officials said.

"The president believes he can talk to this Soviet leader," said a White House official. "He feels they have a relationship."

The administration has clashed in recent days with Republican conservatives who were angered by Mr. Reagan's attempt to make the treaty on medium-range and shorter-range missiles a test of personal and party loyalty.

Mr. Reagan last week described those who oppose the treaty as "ignorant" and said it reflects the view of those who "basically down in their deepest thoughts have accepted that war is inevitable."

Both Mr. Shultz and Mr. Baker said in television appearances Sunday that the president's remarks were not directed at Bob Dole, Republican of Kansas and the Senate minority leader, who has said the treaty should be examined carefully.

But Mr. Baker said it also was the president's hope that the treaty would be approved without "amendments or reservations" that would require going back to the Soviet Union for agreement.

Privately, some senior officials say they expect the tension within the Republican Party to be particularly severe within the next few

months as Republicans decide on their 1988 presidential candidate. But these officials expect most Republicans to be in Mr. Reagan's corner if the GOP nominee is, as many observers expect, either Vice President George Bush or Mr. Dole.

One possibility that has been discussed by U.S. officials is that Mr. Gorbachev and Mr. Reagan could reach a strategic arms accord that would be presented to the Senate by the next president.

A White House official said Mr. Reagan was "clearly paving the way for a treaty that could be completed by his successor if he can't finish it. He's not going to stop pursuing that goal."

President Reagan vowed on Sunday to press Moscow to allow complete religious freedom and the unhindered right to emigrate, Reuters reported from Washington.

"We shall not be satisfied with less," he said in a statement to be read to demonstrators who staged a rally to urge Mr. Gorbachev to allow free emigration for Soviet Jews.

Rally organizers said some 200,000 people attended the rally, at the foot of Capitol Hill.

Mr. Reagan promised the demonstrators that he would press Mr. Gorbachev for the release of all Soviet Jews who had been denied permission to emigrate and for complete freedom of religion and cultural expression.

Mr. Reagan praised the Soviet leader for taking "some limited but positive steps" on human rights issues. But, he added: "They are far from enough."

Q: What outcome would worry you most?
A: A renewed commitment to the elimination of all nuclear weapons. This, I believe, is impossible to fulfill and undesirable. It plays into the hands of those who want to stigmatize the weapons on which the defense of the West must be based for the foreseeable future. Another unfortunate outcome would be any agreement that implied a doubt about nuclear capabilities in Western Europe, such as [occurred in the negotiations] at Reykjavik.

Q: Do you think that Mr. Gorbachev will press the spectacular disarmament proposals he made at the Reykjavik summit in 1986?
A: What he tried to get from us wholesale at Reykjavik, he's trying to get retail in Washington. And he's making progress.

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IOWA: Mention Russia, and People in the Heartland No Longer See Red

(Continued from Page 1)
Everybody knows what they do, everybody knows that that's a real threat to order. It's just indiscriminate killing, and who blew up the airplane? This sort of thing, radicalism has come to be of the greatest concern."

Heightening this fear is the belief that the United States and the Soviet Union, despite all their military might, are vulnerable to such attacks and almost powerless to prevent them. Thus, their self-interest lies in cooperation.

This fear leads to another, apparently even more pervasive and troubling one: that world events are in danger of slipping out of control.

"Our weapons are useless against these terrorist threats," said John E. Anderreg, 39, a farmer. "So that makes you vulnerable to our army! — someone bent on destroying someone with a carload of dynamite is going to do great damage to you."

"Look at the speedboats in the Persian Gulf right now. We've got billion-dollar ships that are virtually defenseless against them. If they send 20 out to get a ship, they'll get it."

And look at the lesson that the Russians got when that West German boy flew his plane over the Kremlin into Red Square. So if that was full of dynamite, there it goes. They might spend the same amount on defense as we do, but it didn't stop that plane. We build high-tech weapons to protect 1%

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In China, New Suits Suit the New Policies

By Edward A. Gargan
New York Times Service

BEIJING — Mao was a customer. So was Zhou Enlai. Deng Xiaoping is one now, as are the Communist Party chief, Zhao Ziyang, and the rest of China's inner circle.

Tian Atong, tailor to the mighty, slipped from an envelope a glossy color photograph — a portrait of the five-member Standing Committee of the Communist Party's Politburo. He trailed a finger across the print. "I did these," he said. "I did each of these suits."

In the middle of the group, a trim Mr. Zhao wore the clear fashion plate in a subtle two-button, double-breasted blue pinstripe. "Not bad, eh?" Mr. Tian said, his gaze lingering. "It's not so wide like the British. The waist is narrower, so it looks sleeker."

Mr. Tian entered into the public eye last month when Mr. Zhao, in a display of pride, flashed the red and white label of the Hongdu Fashion Corp. inside his suit coat to foreign reporters skeptical of its local origins.

"I hope you will send out a dispatch saying all my suits are made in China and look very smart," the party chief said. Mr. Tian, it was learned, was the architect of this smartness.

In Beijing, where the sartorial skirmishes of Seventh Avenue or the Rue du Faubourg-St. Honoré seem by comparison like tepid tea, the political cut of a man is usually, though not always, apparent from the cut of his clothes. And it is Mr. Tian, ovalish behind his horn-rimmed glasses, who has been called on, again and again, to cut the fabric.

The most prominent monument to his work is the pale gray, high-collared suit worn by Mao in the 30-foot (9-meter) portrait hanging over the gate to the Forbidden City.

In 1957, when he was 13, he left his home in Changshu and followed his brother into a Shanghai tailor's shop.

"I wanted to learn how to be a tailor," Mr. Tian, 63, said. "My brother was a tailor, so he introduced me to a shop where I studied as an apprentice for four years."

"I worked at a British clothing shop on Nanjing Road until the Japanese came," he said. "The British people in the shop were interested and I was the only tailor left. After the war, the British came back and picked up running the shop."

After the People's Republic was founded in 1949, Mr. Tian moved to a state-owned garment factory at the other end of Nanjing Road. A faint echo of the swagger that put Shanghai onto the fashion map of world travelers in the 1930s and '40s remained awhile, Mr. Tian said, but it dissipated in the march of Communism.

Still, Mr. Tian retained a mastery of cloth that set him apart from other Shanghai tailors. That brought him to Beijing to make Mao suits for the country's leaders. "The first Mao suit I ever made was in 1956, when I came to Beijing," Mr. Tian said.

Thought it was known formally as a Zhongshan suit, after a style popularized by Sun Yat-sen (or in Mandarin, the Chinese dialect of the north, as Sun Zhongshan), the dress

adopted by Mao and his colleagues was subtly different.

"We took the pleats out of the pockets," he said, transforming the garment of Chinese republicanism into the dress of Communism.

In those days, Mr. Tian said, everything was secret. "I never went to measure Mao personally," he said. "I didn't know him myself. His secretaries would come and tell me what he wanted."

Although nearly every official wore a Mao suit, Mr. Tian said, he made Western-style suits once in a while. But with the onslaught of the Cultural Revolution and the denunciation of everything Western, particularly in the arts and fashion, Mr. Tian was once again reduced to making Mao suits in dark or light gray — a regimen that he endured until 1980.

That year, Zhao Ziyang became prime minister, Mr. Tian said. "He was the first to get a Western suit. That first suit, well, the lapels were a bit narrow and the shoulders a little flat."

Not all the top Chinese want Western creations. "Some leaders still want Mao suits," he said. "They won't wear anything else, Li Xiangnan, Peng Zhen, Deng Xiaoping."

Both Mr. Li, China's president, and Mr. Peng, the chairman of the National People's Congress, are regarded as hard-line Marxists often uncomfortable with what they see as the creeping influence of Western ideas. Mr. Deng, on the other hand, has been the prime mover behind the nation's effort to cast off the shackles of traditional Communism.

SCHOOL: A Tokyo-sur-Seine Offers Lessons of Home

(Continued from Page 1)

Mr. Sano's assignment, like the 20 teachers at the school who are hand-picked by Japan's Ministry of Education, is limited to three years. The government pays moving expenses, housing and salary for the teaching staff. Parents pay 850 francs (\$160) a month to support other school expenses.

Classes run from first grade through junior high school. (The primary school is located in western Paris.)

Before sending teachers overseas, Japan's Education Ministry prepares them with a week of orientation, where the main message is to teach exactly as they would in Japan, Mr. Sano said.

The chief difference between a school in Japan and the one in Paris — aside from a large French flag hanging in Mr. Sano's office — is that students in primary school must take three hours of French a week, taught by French nationals.

The language requirement switches to English in junior high school. Apart from five or six field trips to places such as Versailles and Fontainebleau and visits to Paris museums, the students might as well be living in Japan. On weekends, French-speaking parents go along to translate into Japanese what French guides say.

For the crucial high school years, Japanese families are likely to return or send the children back to Japan to live with relatives, feeling there is no substitute for university preparation. Not until recently did Japan's top universities admit stu-

dents who had been educated overseas during their high school years.

Motobiko Nishimura, Japan's second-ranking diplomat in France, points to Americans in explaining this cultural divide. "American children may be open gay and happy," he said, "but they have no distinct respect for old people."

Calling himself "old-fashioned," he said he had little regard for melting-pot societies. If he had to make a choice, he said, he would educate his children in European fashion rather than American.

Eventually, Mr. Nishimura will as he puts it, "gather my team and return to Japan."

He said the "Japanese human relationship is very solid and is based a lot on education in terms of collectivity." Dedication to team work, he feels, is harder to come by with a Western education.

With the number of Japanese families rising steadily in Paris, the Japanese school is preparing for a major expansion. The president of the school's advisory board, Takashi Kubota, finds his time increasingly divided between his work as director of the Paris office of C. Itoh, a major trading company, and leading a drive to raise 60 million francs for a construction fund.

Mr. Kubota grumbles that the Japanese government will not finance more than a third of the cost. "After all, if this is a state school why isn't the government paying it all?"

MOSCOW: Protest Is Halted

(Continued from Page 1)

ting and pressing in on the crowd. When reformists attempted to unfurl banners — one had a picture of Mr. Gorbachev and another the words "Let us leave for Israel" — the banners were immediately seized and ripped by the plainclothesmen.

The western reporters and camera crews away from the reformist protesters by holding up false banners in front of television cameras.

Mr. Arnett said late Sunday that he had been accused of hitting a plainclothes security officer on the head with a microphone and knocking off his hat. Mr. Arnett denied the complaint, signed by nine witnesses. He said that in the melee he had pushed people aside to make room for his crew. He refused to sign the document, on the advice of a U.S. Embassy official, but he was released anyway.

Q: Do you think that Mr. Gorbachev will press the spectacular disarmament proposals he made at the Reykjavik summit in 1986?
A: What he tried to get from us wholesale at Reykjavik, he's trying to get retail in Washington. And he's making progress.

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Peru Reports Flood Deaths

United Press International

LIMA — Floods and a mud slide, caused by torrential rains, have partially destroyed the town of San Juan Ubrink, a port on the Perene River at the edge of the Amazon basin in central Peru, with at least 60 people dead or missing there and in neighboring villages, the police said Sunday.

Earthquake in Western Iran

Reuters

LONDON — An earthquake measuring 4.5 on the open-ended Richter scale struck the towns of Aligudaz and Doroud in western Iran, the Iranian news agency IRNA said in a report monitored in London.

Lewis Raises \$32 Million During French Telethon

The Associated Press

PARIS — The comedian Jerry Lewis, bringing his muscular dystrophy telethon to France for the first time, brought in more than \$32 million in pledges to fight the disease, organizers said Sunday.

Antenne 2, a government-run station, gave about six hours of air time for the telethon. Mr. Lewis had the help of French stars as well as about 8,000 volunteers who kept track of telephoned pledges.

| INTERNATIONAL POSITIONS | | |
|--|-------------|--|
| You will find below a listing of job positions published last Thursday under the rubric International Positions. | | |
| TITLE | SALARY | EMPLOYER |
| DIRECTOR GENERAL | | I.O.C.U. |
| SALES EXECUTIVE | Competitive | Time Magazine. |
| EUROPEAN HUMAN RESOURCES MANAGER | Attractive | Aeroquip Worldwide. |
| QUALIFIED EDITORIAL ASSISTANT | | INSEAD. |
| VP INT'L PERSONNEL | Attractive | Fortune 200 consumer products company. |

Soviet Union Suggests It Could Drop Demand On Space Defense Tests

By Don Oberdorfer and R. Jeffrey Smith

WASHINGTON — The Soviet Union has suggested that it might drop its long-standing demand that the United States accept formal restrictions on space testing of a ballistic missile defense.

A Soviet Foreign Ministry spokesman, Gennadi I. Gerasimov, has suggested that the superpowers simply agree to continue adhering to the 1972 anti-ballistic missile treaty as a basis for dealing with the highly contested strategic defense issue, without spelling out what the treaty means.

Such a move would skirt the issue of what is permitted and what is prohibited under the treaty, which has been at the core of the argument between the two nations over strategic defense.

If Mikhail S. Gorbachev offers such a position in his talks this week with President Ronald Reagan, it could ease the way for early agreement on deep cuts in strategic or long-range, nuclear weapons.

The first step toward nuclear cutbacks is to be taken Tuesday by Mr. Reagan and Mr. Gorbachev when they sign a treaty eliminating medium- and shorter-range missiles. They will devote much of their three-day meeting to bargaining over strategic nuclear reductions.

Mr. Gerasimov's remarks echoed other, private comments last week from visiting Soviet diplomatic officials and arms control experts who said Moscow is less worried than in the past that Mr. Reagan's Strategic Defense Initiative research plan will become a space-based defensive system against Soviet missiles.

A statement by Mr. Gorbachev on the Strategic Defense Initiative last week appeared to leave room for the position suggested by Mr. Gerasimov.

"We shall be talking about strict compliance with the ABM treaty," Mr. Gorbachev said. "The question of SDI is not a subject for the negotiations."

However, the exact Soviet position on SDI research remained unclear, because a senior Soviet military arms control expert offered a formulation different from that expressed by Mr. Gerasimov and other Soviet officials in the summit delegation who agreed with him.

Colonel General Nikolai F. Chervov, chief of the arms control section of the Soviet General Staff, said that his personal view was that the United States and the Soviet Union should solve their dispute over space defenses by agreeing to observe the ABM treaty "as it was signed and ratified in 1972."

This language has been interpreted by the Soviet Union as referring to a restrictive or "narrow" view of the ABM treaty that would bar realistic space tests, a view that was held by the United States from 1972 until 1985. The Reagan administration has since insisted that this traditional view is not correct.

Nevertheless, Mr. Reagan grudgingly signed into law on Friday a bill that bars spending for tests that would violate the traditional interpretation of the treaty.

U.S. officials said it was unlikely that Mr. Reagan would agree to a proposal by Mr. Gorbachev that both sides abide by the ABM treaty "as it was signed and ratified," because that is so clearly understood to be a euphemism for the restrictive interpretation.

An alternative Soviet plan, which General Chervov endorsed, calls for the two sides to agree on a list of permitted space tests.

The administration has rejected this "list proposal," and Mr. Gerasimov said that "we are not pressing it."

Mr. Gerasimov said: "We are simply saying, let us repeat that we are going to abide by this ABM treaty, which is a good treaty, adding: 'What is the point of a quarrel? There is no quarrel there.'"

He said the United States and the Soviet Union do not need to discuss the correct interpretation of the ABM treaty, partly because Congress has already taken action to require the administration to abide by the restrictive view for the next year.

"In my view," he said, "if we have good progress on strategic arms, this particular issue is going to fade away."

General Chervov said, "I'm not a supporter of the narrow or of the broad interpretation," that the only reasonable approach was to interpret the treaty "as it was signed and ratified" and that lawyers and "quacks" claiming to interpret it have only added to discord and confusion.

The general also indicated that the Soviet Union would be flexible on other major arms control disputes, including how long the superpowers would agree to abide by the ABM treaty as a means of providing some assurance that missile defenses would not soon be deployed in space.

On a related issue, General Chervov said a Reagan administration accusation that movement of some Soviet radar equipment violates the ABM treaty can be cleared up by a U.S. team that will visit radar sites at Moscow and Gomel, north of Kiev, on Dec. 14 to 16 at the invitation of the Soviet Union.

A State Department official said, however, that while "the general framework for the visit is agreed," the proposal had not been formally accepted.



MARCH FOR REFUSEENIKS — Tens of thousands of American Jews and supporters gathered Sunday on the Ellipse behind the White House before a demonstration to back Soviet Jewish emigration. The march came a day before the arrival of the Soviet leader, Mikhail S. Gorbachev, for his meeting with President Ronald Reagan.

Carlucci Tells Military to Cut 1989 Budgets by 10%

By Richard Halloran

WASHINGTON — The new secretary of defense, Frank C. Carlucci, has instructed the military services to slice about \$33 billion from next year's budget, a reduction of more than 10 percent, according to Pentagon and congressional officials.

The officials said the reduction for the fiscal year 1989 had been mandated by the federal budget deficit and spending guidelines to reduce it agreed to by White House and congressional leaders.

But the officials suggested that the unusual move by Mr. Carlucci

was being taken for political as well as economic reasons and reflected his strategy for dealing with Congress, as well as an attempt to establish a record for Republicans in the presidential election campaign.

The reductions will drive the budget to be presented to Congress next winter to \$290 billion, well below the \$323.3 billion projected last year by Mr. Carlucci's predecessor, Caspar W. Weinberger.

It also will be less than the \$296 billion just approved for the current fiscal year and signed Friday by President Ronald Reagan.

According to the magazine Aviation Week, Pentagon spending

revisions for 1989 will put in jeopardy even the Reagan administration's favorite program, the plan to build a shield against nuclear missiles, and the personnel strength of the armed forces.

The magazine, relying on memoranda it said were signed by Deputy Secretary of Defense William H. Taft 4th, also will report in its Monday issue that other cuts may include two aircraft carriers, additional MX missiles and the new Midgetman missile for the air force, and the army's new LHX helicopter.

Mr. Carlucci and Mr. Taft gave the services until Dec. 7 to have

recommendations to Robert W. Helm, the Pentagon comptroller.

In January, the Pentagon included planned 1989 spending in a two-year budget submitted to Congress. The 1989 fiscal year begins Oct. 1, 1988.

The Pentagon and congressional officials said the reductions might be more than required because Mr. Carlucci would prefer to have military spending shaped by the armed forces and Pentagon leaders rather than leave reductions to the unpredictable mercies of Congress.

In marked contrast, Mr. Weinberger, pointing to a threat from the Soviet Union, preferred to set his initial budget request as high as

he thought could be supported and to be adamant in defying requests from Congress that he cooperate in making cuts.

Military officers in the Pentagon and at the major commands around the country openly grumbled in conversations not only about what they consider to be orders to make disastrous cuts but also about the way it is being done.

Beyond that, some officers expressed the fear that the armed forces were headed back toward the days of the late 1970s, before Mr. Reagan came to office, when relatively low military budgets restricted training, flying and ship steaming time.

As Missile Pact Nears, U.S.-Soviet Deadlock on Troops Is Tight as Ever

By Serge Schmemmann

VIENNA — While Washington geared up for the drama of summitry and a major arms pact, negotiators in Vienna wound up another fruitless round in 14 years of talks on troop reductions in Central Europe, with Western delegations rejecting Eastern efforts to end the talks with a symbolic agreement.

In an address last week to the 467th plenary session of the negotiations on Mutual and Balanced Force Reduction, the chief United States delegate, Stephen Ledogar, said the Warsaw Pact's suggestion for ending the deadlocked process with a symbolic "modest agreement" was "a dangerous path, and the West has no intention of taking it."

Speaking for the Warsaw Pact, Tadeusz Sirulak of Poland accused the West of "hardening the stalemate" in Vienna, and asserted that this stemmed from the "immobility of the West's position" since the last proposal was tabled in 1985.

Although the exchange of charges was a familiar ritual at the end of another round of the talks, the impending agreement on eliminating U.S. and Soviet medium- and shorter-range missiles from Europe has focused new attention on conventional arms, in which the West maintains that the East has a decided superiority.

Both the United States and the Soviet Union have hinted at new conventional arms initiatives. There have been rumors that Mikhail S. Gorbachev, the Soviet leader, may announce a unilateral troop reduction in Eastern Europe while in Washington. The U.S. secretary of defense, Frank C. Carlucci, recently said that the North Atlantic Treaty Organization would present a proposal early next year.

The framework for these proposals is likely to be new negotiations to reduce troops and armaments "from the Atlantic to the Urals" that all NATO and Warsaw Pact members have been discussing since February 1986.

The so-called mandate talks have been running in tandem with the

troop reduction talks, with many delegates participating in both, raising the possibility that the new negotiations they produce could eventually supplant the stalled talks.

But Western delegates have resisted Soviet-led efforts to end the reduction talks with a token agreement and put all efforts into the mandate talks.

Mr. Ledogar, who is also the chief U.S. delegate to the mandate talks, said that while all the governments participating in the troop-reduction talks were also involved in the attempt to negotiate a mandate for new talks, "that mandate is not yet signed and sealed."

"At present," he said, the Mutual and Balanced Force Reduction talks are "the only forum which deals with the pressing issue of conventional force reductions and limitations."

The troop-reduction talks have been bogged down through most of their history in disputes over the number of troops each side has and over verification of any reductions. The proposal tabled by the West in December 1985 sought to avoid the dispute by proposing to make preliminary reductions and to agree on verification measures without first agreeing on total numbers.

The mandate talks, which began Feb. 16, also have hit snags on some issues. Among them is the Soviet insistence on including "dual capable" systems, or those that can fire either conventional or nuclear charges, in the mandate. The United States wants to exclude any mention of nuclear weapons from the talks.

According to the International Institute for Strategic Studies in London, NATO has 796,000 ground forces facing 995,000 Warsaw Pact troops.

Israeli Sets Visit to London

JERUSALEM — President Chaim Herzog of Israel will meet with Queen Elizabeth II and Prime Minister Margaret Thatcher during a visit to London on Thursday, his office announced Sunday.

Poland Decides to Cut Economic Reform Plan

By Jackson Diehl

WARSAW — The Polish government has announced that a radical increase in basic food prices planned for next year will be significantly reduced and other economic changes slowed because the program failed to win majority support in a national referendum last week.

In an address to the Sejm, the parliament, Prime Minister Zbigniew Messner said Saturday the planned 110 percent average rise in food prices planned for next year would be phased in over a three-year period.

Plans for reducing business taxes, ending the rationing of meat, cutting the government budget deficit and curtailing central distribution of raw materials would also be slowed or shelved in 1988, he said.

Mr. Messner insisted that the Communist leadership of General Wojciech Jaruzelski still intends to implement major economic and political reforms and considers the results of the referendum as a mandate.

According to official results, between 44 and 46 percent of eligible voters favored the plans, while about one-fifth were opposed and

nearly one-third of the electorate did not vote.

The prime minister said, however, that the authorities "must understand the doubts and fears" about the changes shown by the referendum and added that each retreat from policy "has its price."

The statement, which represents the first formal response of General Jaruzelski's leadership to the referendum results, suggested that revisions of the economic and political initiative are still being debated and would not be limited to reducing the price rises that have led to widespread public discontent and panic shopping.

The prime minister did not mention General Jaruzelski's political reform program, which envisions a decentralization of state power and a modest expansion of citizens' rights. Possible changes in that platform are scheduled to be considered later this month, however, at a meeting of the Central Committee of the ruling Polish United Workers' Party.

Mr. Messner said authorities would go ahead with increases of 150 to 200 percent in rents, utilities, coal and other fuels and transportation.



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3 Plotters of Coup Die in Mauritania

NOUAKCHOTT, Mauritania — Three military officers were executed Sunday for plotting to overthrow the government of President Maaouya Ould Sidi Ahmed Taya, judicial sources said.

The three black officers were sentenced to death on Thursday by a state security court for conspiring to topple the Arab-dominated military junta that governs Mauritania in October.

Lieutenant Ba Seydi, the commander of the Nouakchott naval base, and Lieutenant Sarr Amadou and Sy Saïdou, both members of the army staff, died before a firing squad in Nouakchott, the sources said.

11 Are Killed in Bus Plunge

CARACAS — Eleven persons, including two children, were killed and 39 others were injured Saturday when a bus smashed into a ravine about 98 miles (158 kilometers) west of Caracas, the police said.

INTERNATIONAL **Herald Tribune**

Published With The New York Times and The Washington Post

A Dramatic Summit

A Test of Prospects

Normally prudent people are suggesting a summit of dimensions that would have been dismissed as delusional not so long ago. A good treaty eliminating whole classes of missiles will be signed. The political momentum it generates and the verification procedure it sets make possible an early approach to reducing both conventional and strategic arms — reducing the latter, says President Reagan, by a "significant" measure. A formula allowing each side's work on strategic defense to proceed, and without prejudice to accord on strategic offense, is being sought. Soviet spokesmen predict Soviet withdrawal from Afghanistan next year. The human rights account is active and the shape of future, expanded economic relations is under review.

The prospect with which Moscow now tantalizes the West arises in the first instance from Mikhail Gorbachev's felt requirement to tend domestic economic and social problems that were so aggravated that they could no longer be ignored. The bold reformist vision embodied in his "restructuring" program has yet to move far off paper; it has engaged the Soviet elite but not yet won the bureaucracy or rewarded the people. To pursue it effectively, however, he needs, among other things, a respite from the expensive, risky, superheated arms and Third World competitions to which his country contributed disproportionately in

the past decade. The effort raises the fundamental question of whether, by intent or circumstance, the respite may lead to a new round of international confrontation or to a settling down over a longer term.

The sense of big and exciting stakes has to be balanced against awareness of the disappointments experienced at seemingly similar moments in the past. A Soviet newspaper said the other day that "the random paper said the other day that 'the random paper' remains the 'most difficult and permanent obstacle' to Soviet-U.S. discourse. They look at American policies and, given the nature of their own, they predictably don't get it. On their part, many Americans are skeptical of the depth and permanence of Mr. Gorbachev's apparent conversion to a more reasonable outlook. They ask whether his personal understanding of America is deep enough, and his political situation secure enough, to sustain a new course.

Undeniably, however, a moment of high drama is here. Ronald Reagan contributed to it by a policy of steadfastness tempered now by an openness to accommodation — an openness that many Americans doubted he had in him. Mikhail Gorbachev undertook to look again at some Soviet notions long set in stone. These unlikely partners meet in circumstances favorable to a thoroughgoing test, over the next few days and over the next year or more, of the potential of improving Soviet-American ties.

— THE WASHINGTON POST.

Do This More Often

Soviet-American relations could be entering a new, productive phase. Economic problems impel both sides toward restraint in military spending and foreign adventures, and toward exploration of new possibilities — like regular summit meetings.

Ronald Reagan and Mikhail Gorbachev would do well to give their blessing to the process they have already followed in practice: institutionalization of wide-ranging sessions between their foreign ministers and other top advisers, leading to a summit meeting every 12 to 18 months.

Summit meetings have been held episodically since 1955, with varied purposes and results. Critics of summits argue that most of them achieved little or nothing and that presidents, operating in a democracy, have come under far greater pressure to make concessions. If that is right, then why hold summit meetings, and why regularize them?

It is far from clear that American leaders found themselves under more pressure than their Soviet counterparts. The acid test is whether presidents gave more than they got. Perhaps Richard Nixon settled too many strategic arms issues too quickly in Moscow in 1972 so that he could sign the SALT-1 treaty there. Otherwise the overall record looks about even. As for the future, Mr. Gorbachev seems eager for results that can free him to concentrate on domestic issues. Nor is pressure all bad. Summits force

leaders to concentrate on the issues and shake loose compromises stalled by bureaucratic infighting. That is all to the good. And if it is true that summits produce excessive pressure for success, that has a lot to do with their irregularity. Regularizing meetings would defuse the circus atmosphere. Some summits brought dangerous miscalculations. These, however, were not the fault of summits but of poor thought and preparation. Regular meetings would make the participants more familiar with the issues and with one another. American and Soviet negotiators have probably spent more time and effort jockeying over where, when and under what terms to meet than preparing for the substance of this week's meetings. Regular summits would eliminate such unproductive sparring.

If most Soviet-American summit meetings have failed to achieve concrete results, the real reason is lack of genuine common interests. If neither side has much incentive to compromise, propagandistic proposals — for general and complete disarmament, for example — are inevitable. Now, however, economic difficulties and perhaps political maturity create opportunities to resolve or lessen conflicts. Mr. Reagan, in his last year of office and with his own reasons for summits, cannot commit his successor to a set schedule of meetings. But he and Mr. Gorbachev can demonstrate, in Washington and in Moscow next year, that the idea works.

— THE NEW YORK TIMES.

The Lesson in Poland

Democracy is unpredictable, as General Wojciech Jaruzelski discovered on Nov. 29. Poland conducted a remarkable popular referendum — and received an unexpected result: The government's reform proposals lost. General Jaruzelski, making the best of a difficult situation, vows to go on with modified reforms. He would get further faster if he acknowledged at last that he must bring the opposition with him.

When he made his startling proposal to go to the people with economic and political reforms, he provoked various theories about his motives. Then a few days before the vote he released jarring news: Under the proposed reforms, food prices might double, utility and rent costs triple. Perhaps, it seemed, the government actually wanted the proposals to lose. That would strengthen the government's hand in dealing with Western creditors over a \$36 billion foreign debt.

Perhaps so. Yet a different explanation for the referendum seems likelier, given Poland's history of labor violence following price increases. General Jaruzelski, compelled to make drastic economic reforms, probably hoped to demonstrate public support beforehand. He may also hope for something else. Both the outlawed labor movement Solidarity and the Catholic Church have called for fundamental re-

forms in human rights and political freedoms. Offering far less comprehensive political reforms, General Jaruzelski may have sought to co-opt their position.

The public, offered a chance to line up behind its unpopular government, declined. A majority of those who voted approved the two measures, but only about 67 percent of eligible voters went to the polls; that meant a yes vote from less than 45 percent of eligible voters. A majority of eligible voters was required to make the measures binding.

The government deserves credit for having sought the public's opinion. It now says that it will move forward with its plans, but more slowly. Given Poland's dire economic circumstances, moving forward is indeed necessary. But the referendum teaches a lesson that would be especially helpful, if only the government would learn it.

— THE NEW YORK TIMES.

Other Comment

'Every Country Has the Right'

In his book "Perestroika," recently published in the West, Mikhail Gorbachev repeatedly calls for trust in international relations. He presents his country as a peace-loving, civilized and reliable partner earnestly seeking reasonable solutions to the world's problems. But the answer to Mr. Gorbachev's question as to why Moscow still encounters so much mistrust in the world might well be found in a passage from his own book which brings to mind countries like Poland or Afghanistan: "Every country has the right to choose its own friends, its system and its path to development. Unless we admit that, we will never be able to build normal international relations."

— Neue Zürcher Zeitung (Zurich).

It has become fashionable in smart circles to seek to diminish the quite extraordinary impact which Mikhail Gorbachev has had on the world in two short years. The fact is that while everyone has been concentrating upon his "conservative" opponents back home, it is perhaps his "conservative" opponents in the West that he should worry about most. Used for so many years to seeing the Soviet Union in only the blackest of terms, their minds are simply not good enough to break out of an ideological time-war. So let us say it again and say it clearly: What is happening now in the Soviet Union is nothing short of a revolution. Because of Mr. Gorbachev and his friends the world today is a better and safer place. It is in our interest to help the Russian leader, not hinder him.

— The Mail on Sunday (London).

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OPINION

A Chance to Serve Peace in Afghanistan

By Selig S. Harrison

WASHINGTON — The Reagan-Gorbachev summit meeting offers a momentous opportunity for a breakthrough in the increasingly promising United Nations negotiations on a withdrawal of Soviet forces from Afghanistan.

The two leaders should give priority to resolving the critical issue now blocking completion of the 35-page withdrawal agreement negotiated by the UN mediator, Diego Cordovez: how to bring about a stable interim government to rule during and after the projected Soviet pullout. Above all, such a compromise would require Soviet readiness to accept a secondary, or possibly even a marginal, role for Afghan Communist elements. But the United States and Pakistan, too, would have to downgrade the role of their Afghan clients.

With American acquiescence, the government of President Mohammed Zia ul-Haq treats the seven-party resistance alliance in Pakistan, which is dominated by four Islamic fundamentalist groups, as the exclusive voice of non-Communist Afghans. Yet the fundamentalists represent only a minority of Afghans, most of whom practice traditional forms of Islam. Surveys show that the overwhelming majority of Afghan refugees in Pakistan — 71 percent in one authoritative poll — look to former King Mohammed Zahir Shah as their spokesman rather than to the feuding and in some cases corrupt alliance leaders.

Islamabad has been actively obstructing efforts by the former king's supporters to organize broad-based negotiations among Afghan factions to pave the way for an interim government. The king has rejected Communist offers from Kabul to share power, but he is ready to play a catalytic role in

arranging and conducting "all-party" negotiations — which would be open to all significant factions, including the Communist Party — to set up a new government dominated by non-Communists.

By contrast, the fundamentalists oppose any compromise with the Communists, calling for an unconditional Soviet withdrawal. Part of the explanation for Mr. Zia's obstruction lies in his political links to Pakistani fundamentalist groups. But the major reason is his desire to use the Afghan conflict as a lever for obtaining continued U.S. military aid and for countering nuclear nonproliferation pressures.

A workable interim government would have to be built around broadly acceptable figures not identified with either the Communists or the fundamentalists, among them resistance commanders. But some commanders who have worked with the fundamentalists, and some of the less controversial Communist leaders, might be included.

While the Soviet Union officially supports power-sharing within the present government, Moscow has not discouraged current United Nations efforts to facilitate broader negotiations. Previously, Moscow had insisted that the United Nations keep out of "internal" Afghan affairs.

American officials have long insisted on replacement of the Communist regime. But the Reagan administration has made no effort to obtain Pakistani cooperation with the king's moves to organize an all-party dialogue. The UN agreement between Kabul and Is-

lamabad provides for a withdrawal of Soviet forces, a termination of aid to the resistance and monitoring by a neutral inspection force. Both the Soviet Union and the United States have agreed to serve as guarantors.

The agreement is complete except for one clause fixing the duration of the Soviet withdrawal. Moscow has linked the timetable to progress toward an interim government. Thus, the key to a Reagan-Gorbachev compromise would be an agreement to support all-party negotiations and accept whatever result they produce.

America should pledge to push Pakistan to cooperate with initiatives to set up an all-party dialogue. Moscow should reassure Washington that it is prepared to see the Communist regime replaced. Most important, the two leaders should reaffirm their acceptance of Afghan neutrality.

Such an understanding should enable Moscow to present a timetable of less than 12 months at what is expected to be the final round of UN negotiations in February. This would quicken the pace of UN-facilitated exchanges among Afghan factions. But agreement on an interim regime could well be stymied by Communist or fundamentalist intransigence unless the superpowers make their determination credible.

In negotiations that reflected the real political and social landscape of Afghanistan, neither the Communists nor the fundamentalists would have their present artificial power and importance.

The writer is senior associate of the Carnegie Endowment for International Peace. He contributed this comment to The New York Times.

The Battle To Define Security

By Flora Lewis

WASHINGTON — A serious battle is building here on arms control agreements with Moscow, but it will not really be about what appears on the surface.

The Senate Foreign Relations Committee has scheduled a month of hearings on the medium-range missile treaty to begin in mid-January, which means that ratification will not come before spring. That is a lengthy deadline for President Reagan to achieve the next, planned treaty to cut long-range missiles by half and continue follow-up summit talks in Moscow.

The major problems Mr. Reagan faces in trying to complete his strategic term in a burst of peacemaking glow come not from what my colleague William Safire (IHT, Dec. 5) calls the "distrusting, disliking right" seeking to yank their favorite president back to his earlier damn-the-Russians stand. Some people oppose any kind of agreement with Moscow, and they will use whatever arguments come to hand to kill the treaty to be signed this week. But they are in the minority. With a sinking feeling of despair they are watching the approaching end of their chance to complete "the Reagan revolution" and make it stick.

Much more important is the emerging concern of eminent and influential people who do want arms control to leave that Mr. Reagan's defense policies have left the United States incapable of achieving it without danger. The opening public shot has just come from three of them in a Washington Post article (IHT, Dec. 5) signed by Brent Scowcroft, former national security adviser, John Demchuk, former undersecretary of energy (the department responsible for making atomic warheads), and R. James Woolsey, former undersecretary of the navy. This is only the beginning.

What is going on in Washington now is a peculiar kind of negotiation among Americans via Moscow. Arguments will be used about Soviet plans, Soviet intentions, treaty details, but they have little to do with the issues between the United States and the Soviet Union. They are a skew in American strategic positions during the past several decades. Set positions save merely as a backdrop for current shots because players still feel inhibited from taking direct aim at Mr. Reagan.

Those in the respectable, as distinct from the knee-jerk, anti-Soviet opposition will use the coming ratification debate to express long-term worries. They want to see a change more rational American strategy (still developing in parallel with effort to diminish the absurd nuclear arsenals). They fear that President Reagan is plunging heedlessly for second goal, without attending to first necessary conditions.

As the Russians also concluded an important study earlier this year they realize that reducing the level arms does not automatically enhance stability. If it is done mechanically without understanding the complex questions of balance, it can be debilitating and can increase rather than reduce the danger of nuclear war.

In that case, what these experts down the road is a situation in which the United States would have to depend on the improbable (betting being able to deploy effective missile defenses) or the intolerant (adopting a policy of launch ICBMs on warning alone) for its safety. The three who have spoken put it this way: "The first approach fraught with technical uncertainty; the second risks accidental nuclear war in case of a false alarm . . ."

The basic need for security and ability at far lower levels of weapons approach suggested in the Scowcroft commission report. In fact, it is to reverse and undo the decision made in the Kennedy administration to multiply the number warheads per missile — to Mf. This was seen as a way to maintain American superiority with a cap of overwhelming Soviet defenses.

But the Russians caught up way, and now it is understood: the results are worse than the situation before MIRVs. DeMIRV and mobility are seen as the requirements for a survivable American force. The Pentagon has been in the opposite direction, despite White House promise to apply Scowcroft recommendations.

It is important for the public grasp these difficult questions. The big issue is not whether America can trust the Russians, who are their own interests. It is what Americans can trust themselves see America's interests clearly.

The New York Times.

Two Men, Two Countries, One Common Interest

By Anthony Lewis

BOSTON — A summit meeting that is more than cosmetic can take place only when each side has a strong interest in seeking accommodation with the other. That is why Ronald Reagan and Mikhail Gorbachev are meeting in Washington, and why each can confidently expect to gain something important.

The most significant achievement from the viewpoint of the United States is already clear. It is Soviet acceptance, in the draft treaty on short- and intermediate-range nuclear missiles, of the principle that verification of arms agreements includes on-site inspection: visits by officials of each side to the other's territory.

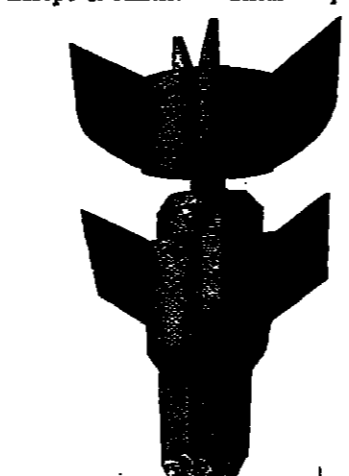
Acceptance of that principle is a historic step. Only a few years ago it seemed unthinkable that the Soviet Union would allow American scientists and military officers to inspect missile production and deployment sites. The agreement could point toward a wider easing of the morbid secrecy that the world finds such a menacing Soviet characteristic.

The missile treaty has another aspect with hopeful implications for the United States. In signing it, Mr. Gorbachev implicitly accepts the proposition that arms control agreements may be numerically asymmetrical, requiring the Soviet Union to give up larger numbers of weapons.

Under the treaty, the U.S.S.R. must destroy some 3,000 nuclear warheads and America fewer than 1,000. If such

asymmetry can be accepted in order to achieve larger purposes in arms control, it may be realistic to think of agreement on reducing conventional weapons in Europe, where large Soviet forces, especially of tanks, would have to be sharply reduced to make an agreement possible.

From the Soviet viewpoint, the military gain to be expected from the summit meeting is the removal from Europe of American nuclear weap-



By NARANJO IN EL UNIVERSAL (Mexico City).

How the Hard and Soft Right Will Ally in Opposition

By William Safire

WASHINGTON — My old interlocutor Georgi Arbatov, shunted aside as Head Back by Valentin Falin (the Ethnic Bomber) and his Novosti aide, Gennadi Gerasimov (my look-alike), probably has some summit questions on his mind that I am free to answer.

1. Why did Defense Secretary Casper Weinberger choose this moment to quit? Because Ronald Reagan sided with George Shultz and Howard Baker in their acquiescence to Senator Sam Nunn's demand to intensify rowly the ABM treaty through October 1988. Cap was aware that the seemingly innocuous promise (not to test space defense techniques before America has any to test) is also the key concession to the Russians.

By injecting the central decision to prevent "star wars" testing into the final stages of the presidential campaign, Mr. Reagan has all but guaranteed the continuation of the restrictions that Mr. Gorbachev seeks so eagerly. Front-runner George Bush has already announced that "peace" will be his theme, and Bob Dole might go with the prevailing breeze:

only long shot Jack Kemp would join the space defense issue.

2. Why was Frank Gaffney, last of the Hard-Line Mohicans at the Pentagon, forced out so abruptly? Because he was Mr. Weinberger's man on George Shultz's most recent mission to Moscow, and sent a red-hot secret communication to his boss at the Pentagon criticizing the meekness first shown in the U.S. reaction to Soviet demands that the summit meeting include a limitation on SDI testing. America's Big Ear alerted Frank Carlino, Cap's successor at Defense, who showed Mr. Gaffney the door. Senators will soon ask to see the critical cable.

3. Why did the Russians appear to drop the demand for resolution of the testing issue at this summit? Surely you know, Georgi — because Anatoli Dobrynin learned that Sam Nunn's job to put Senate institutional power ahead of everything would combine with the likelihood of Mr. Bush's nomination to do the test-restricting job him. While watching the strained emphasis on support for SDI at the

farewell ceremony, Moscow realized the reason for the Weinberger surrender. It now understands the way to handle Mr. Reagan: Never murder a man who is committing suicide.

4. Does the hullabaloo on the right threaten Senate ratification of this week's treaty? Treaty opponents can count on only 15 votes, and it was assumed that they would settle for reservations on verification and progress on conventional reductions. But Mr. Reagan's blunderbuss accusation that treaty opponents were obsessed by the inability of war has made a war on the treaty inevitable.

The opposition strategy will be to take as a precedent Sam Nunn's unprecedented examination of all the files on the ABM treaty, and to require the administration to submit the entire seven-year INF negotiation record. What is sauce for the ABM-limiting goose is sauce for the INF-opposing gander; the voluminous record could then be examined for a year or two.

To counter this (and to reinstate himself in Republican ranks after his own theories and emotions did not end on April 30, 1975), William Colby, Robert Komer and other American participants argued with each other. Henry Kissinger addressed the conference, gently and gracefully responding in non sequiturs to his Vietnamese hosts, who clearly believe that he sold them out but who have not yet decided if they will ever forgive him.

Running through much of the American commentary, at times sotto voce and at others aloud, was that dangerous Kubrickian notion that America threw away what would have been a victory because it was determined that the South Vietnamese were not worth fighting for.

That is not only uncharitable, it is also dangerous politics. Americans need to remember that their nation went to Vietnam for its own reasons, some good ones, more of them dreadful mistakes. From 1966 to 1972 the weight of U.S. involvement turned the South Vietnamese into bit players in their own war, whose virtue or lack of it had little to do with final U.S. decisions. Without a military plan to win or even terminate that phase of the war, the United States simply left one day.

The legacy is not one merely of America choosing the wrong friend to fight for. The record also suggests the dangers involved for any nation that chooses as its protector an America that would disregard the true meanings of Vietnam.

The Washington Post.

Into Vietnam for American Reasons

By Jim Hoagland

PARIS — The United States goes first class when it picks its enemies. From the North Vietnamese to Iran's ayatollahs, it has chosen to confront the top of the line in treachery and zealotry. But it often stumbles in picking allies, somehow winding up with the South Vietnamese, or smuggling up to Amin Gemayel's crumbling army in Lebanon. Despite all America's sacrifices, these indigenous forces are not winning or able to win their own wars. The ally goes down to defeat and destruction as Americans watch with horror or clucking tongues . . .

This troubling vision remains with me a month after my viewing of Stanley Kubrick's film "Full Metal Jacket." He shows the South Vietnamese as whores, pimps and deserters. That is, he transmits directly to us without correction or embroidery the vision of many of the American soldiers who fought there, and who quickly came to the conclusion that they were there "fighting the wrong gooks," as one of Mr. Kubrick's characters says into the camera.

I have friends with long experience with U.S. forces in Vietnam who reacted violently to "Platoon" and what they saw as its distortions of that experience. They do not have the same problems with "Full Metal Jacket." They seem to accept Mr. Kubrick's vision of the South Vietnamese with equanimity. America had the wrong people of its side.

Even packaged in Mr. Kubrick's cold brilliance, this is a facile analysis that mocks the tragedy America visited on itself and on those it sought to help until it decided that they were beyond help. Shortly afterward, the place called South Vietnam disappeared from the map.

Along with Mr. Kubrick, most Americans seem to have gratefully forgotten about the South Vietnamese. The people in whose name America sacrificed lives and treasure have slid into a black hole of memory just as the point approaches when memory begins to harden into history. Can they scramble back out and claim a part of the historical legacy that is becoming the final battleground of the American experience in Vietnam?

That question was put dramatically by a group of South Vietnamese refugees who organized a two-day seminar in Paris last week. Funded largely by conservative American groups, the conference featured some of the key American figures of decade-old policy battles — which they resumed with new vigor.

On the American side there were as many theories about why America lost the war as there were speakers. By choosing the wrong strategy, or the wrong moment to cut off aid, or the wrong year to depose Ngo Dinh Diem, America lost the war. The propensity of the policy makers and the generals to turn Vietnam into a giant hobby horse for their

100, 75 AND 50 YEARS AGO

1887: State of the Union

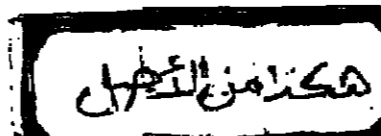
WASHINGTON — President Grover Cleveland's message is unusually brief, and touches no subject at all except the reduction of the surplus revenue. He tells Congress that the surplus in the Treasury will reach one hundred and forty millions by next July. It is absolutely necessary to cure this evil, because industry and commerce will be ruined. He opposes the various plans of buying bonds or spending the surplus in distributing Treasury money among the banks to except the reduction of the surplus revenue. He tells Congress that the responsibility must rest where it belongs. He says that our present tariff laws are the source of unnecessary taxation. He recommends a large addition to the free list and reductions in the duties on raw materials.

1937: The Leviathan

NEW YORK — The last voyage the Leviathan will start next week skeleton crew will man the world's largest vessel on its trip to two years, to England. Metal Industries, Ltd., a British firm, has paid United States Line \$800,000 for "white elephant of the Atlantic," will break it up for scrap, 48,500 tons of it. Built 23 years ago in Genoa and named the Vatezland, the vessel was out and when the war broke out and was interned. It was first in trans-Atlantic service troops and later for passengers, in recently by the United States Line

1912: Arms to Mexico

WASHINGTON — The War Department has sent a consignment of



The Battle To Define Security

China Backs Sihanouk and Asks Pullout

United Press International BEIJING — China expressed support Sunday for the Cambodian resistance leader, Prince Norodom Sihanouk, and repeated its call for the withdrawal of Vietnamese occupation troops from the country.

But the Chinese Foreign Ministry did not comment on the talks in France last week between the prince and Prime Minister Hun Sen of Cambodia. At the talks, the two sides signed a four-point joint communiqué.

"China always respects and supports Prince Norodom Sihanouk's efforts to seek a fair and reasonable political settlement of the Kampuchean question," a Foreign Ministry spokesman said.

China is the main supplier of arms to the guerrilla forces of the U.N.-recognized tripartite coalition government, including the Communist Khmer Rouge, that is led by Prince Sihanouk.

In recent months there have been signs that the former ruler is growing increasingly anxious to end his exile from Cambodia, where he was deposed in 1970. He has apparently acted on several occasions without consulting Beijing.

"The Chinese side has always held that the crux of the political settlement of the Kampuchean question is for Vietnam to withdraw all its troops from Kampuchea as early as possible," said the Foreign Ministry spokesman.

Beijing has long described Hanoi's Soviet-backed occupation of Cambodia as the most important obstacle to better ties with Moscow.

Vietnam invaded Cambodia in 1978, ousted the Khmer Rouge regime and installed the current government. Hanoi still maintains some 140,000 troops in the country.

Support From Vietnam Vietnam said that the agreement was an important step toward settling the conflict, Reuters reported from Bangkok.

In a statement received in Bangkok, the Vietnamese news agency VNA said the communiqué and agreement to hold a further meeting in January "constitute an initial important step leading to a process of favorable solution to the Kampuchean problem."



INDIA'S NEW MIGS — Defense Minister Krishna Chandra Pant in the cockpit of a Soviet built MIG-29, as a squadron of the fighters were formally added Sunday to India's air force in ceremonies in the city of Poona.

Fiji Ruled By Civilians Once Again

Compiled by Our Staff From Despatches SUVA, Fiji — Fiji returned to civilian rule Sunday following two coups in less than five months, but the structure of the government remained unclear except that it would be led by longtime political allies.

Colonel Sitiveni Rabuka, the coup leader, appointed former Governor-General Ratu Sir Penaia Ganilau as president. Sir Penaia then named Ratu Sir Kamisese Mara as prime minister, returning him to the post he held for 17 years, from Fiji's independence in 1970 until his election defeat in April.

The return to civilian rule was announced late Saturday in nationwide broadcasts over Radio Fiji by Colonel Rabuka and Sir Penaia. It was not known if Sir Penaia had immediately assumed complete control, or if a 22-member military council that Colonel Rabuka appointed two months ago to run the country on an interim basis continued to hold any authority.

Colonel Rabuka said he hoped that the return to civilian government would lead to Fiji being readmitted to the Commonwealth.

"These have been momentous times for Fiji and the link with Her Majesty the Queen has been severed," Colonel Rabuka said in a 10-minute broadcast, referring to Elizabeth II. "But I have by decree today appointed Ganilau as the first president of Fiji and it is my sincere hope that he will lead a way for Fiji to progress to a point where the historic link with the crown can be re-established."

Fiji was expelled from the Commonwealth, a grouping of former British colonies, at a recent summit meeting in Vancouver.

There also was no official word on when the government would form a cabinet. Also unknown was the status of a constitution that Colonel Rabuka said he was drafting to guarantee ethnic Fijians permanent political control in a future parliament.

Colonel Rabuka, who will continue as head of the armed forces, said he was stepping down as self-proclaimed head of state and head of government.

The prime minister, Sir Kamisese, 67, had held that post throughout Fiji's post-independence history until he was defeated in April by Timoci Bavadra. Mr. Bavadra was overthrown by Colonel Rabuka within a month of taking office.

Under the new alignment, Colonel Rabuka retains the home affairs portfolio covering the security forces. (AP, Reuters)

Aquino Pleads for Peace In Election After 9 Die

MANILA — President Corason C. Aquino appealed Sunday for peace in local elections next month after nine persons were killed in campaign-related violence barely a week after campaigning began.

"We should strive to attain a clean and peaceful election," Mrs. Aquino said in her weekly radio broadcast.

Four candidates in the election scheduled for Jan. 18, and five of their aides, have died in separate incidents around the country. Authorities believe the violence will increase.

Local elections in the Philippines have a history of violence. Filipinos describe them as affairs traditionally run by "guns, goons and gold."

Officials have recommended postponing the election in "hot spot" areas in one northern province and at least six provinces in the southern island of Mindanao.

The military has suggested that voting be held a month later in those areas to give soldiers time to secure the volatile provinces. At least 30 people were killed in violence related to the congressional election in May, which local

and military officials described as relatively peaceful.

Marcos Inquiry Reported

Mrs. Aquino's predecessor, Ferdinand E. Marcos, and his wife, Imelda, are targets of a U.S. grand jury investigation into whether they illegally acquired hundreds of millions of dollars worth of New York real estate and fraudulently attempted to transfer it to the Saudi billionaire Adnan Khashoggi in violation of a court order. The Washington Post reported, quoting sources familiar with the investigation.

The sources said the U.S. attorney's office in Manhattan was also considering a broader racketeering case, including claims that the Marcoses illegally acquired millions of dollars worth of jewelry that they took into the United States when they fled the Philippines in February 1986.

Richard A. Hitey, lawyer for the Marcoses, confirmed that Mr. Marcos was a target of the grand jury in New York. He refused to say Mrs. Marcos was as well.

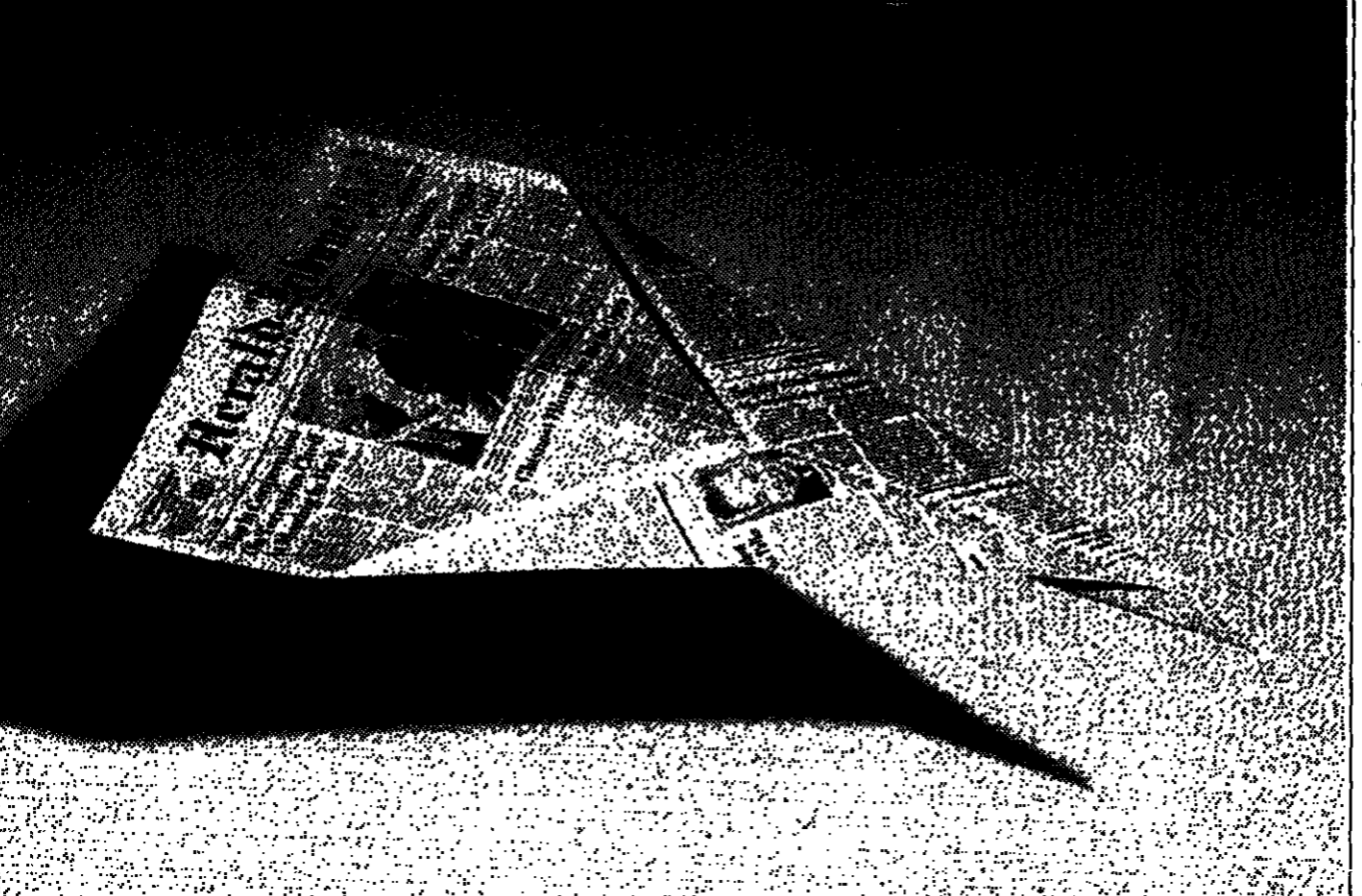
He said the couple "deny any wrongdoing."

Bible Plant Opens in China

The Associated Press NANJING, China — A \$7.3 million Bible-printing plant, the first in China devoted to printing the Christian scriptures, officially opened on Saturday.

Great Newspapers Are Like Great Airplanes.

They're light, powerful, economical and reflect the essential spirit and technology of their time. Cinema which have characterized the International Herald Tribune for a century now. We salute the Trib for producing a concise, readable daily newspaper to the same standards of excellence in which we aspire in our own field. As aerospace engineers, that's probably the highest compliment we can pay our favorite Paris-based international newspaper. We also appreciate the important editorial contribution the Trib makes in conveying Europe's important new role in aerospace to the rest of the world.



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We, the signators, direct an urgent call to the Governments and Parliaments of all NATO countries to prevent the realization of the Intermediate Nuclear Force (INF) Treaty. What is at stake is nothing less than the political freedom of western civilization as a whole. We see the acute danger, that the ability of the West to defend itself is being irreversibly negotiated away for the sake of short term political expedients.

The removal of the intermediate range missiles in Western Europe, i.e. the Pershing 2 and I.A., would eliminate the capability of NATO to strike deep into Soviet territory within 13 minutes, and thus remove a powerful deterrent to Soviet aggression. The military effect of this combined with the removal of the cruise missiles from Great Britain, Belgium, Italy and West Germany would be disastrous. Not only would it bring about the danger of an extremely rapid denuclearization of Western Europe, but it would leave the continent vulnerable to the new Russian mobile ICBM systems, the SS-24 and SS-25, and would leave West Germany totally defenseless against the SS-21, and the Russian strategic bomber fleet.

The denuclearization would bring into effect the overwhelming conventional superiority of the Warsaw Pact. If proponents of the proposed INF treaty speak about a subsequent arms reduction agreement in the conventional area, it must be noted that anything less than a 6-to-1 asymmetric conventional disarmament would bring about the irreversibility of the denuclearization of Western Europe. Russia would quickly reach its longterm goal — to conquer the rest of Europe, without the need to fire a shot.

Apart from the military irreversibility effects, the political consequences of the proposed INF treaty are already shaking the foundations of the Western alliance. Ever since the infamous Reykjavik summit one year ago, patriots of all Western nations have been horrified about the perspective of a new Yalta agreement between Moscow and Washington, which defies threats to sell out Eastern Europe. If West Germany

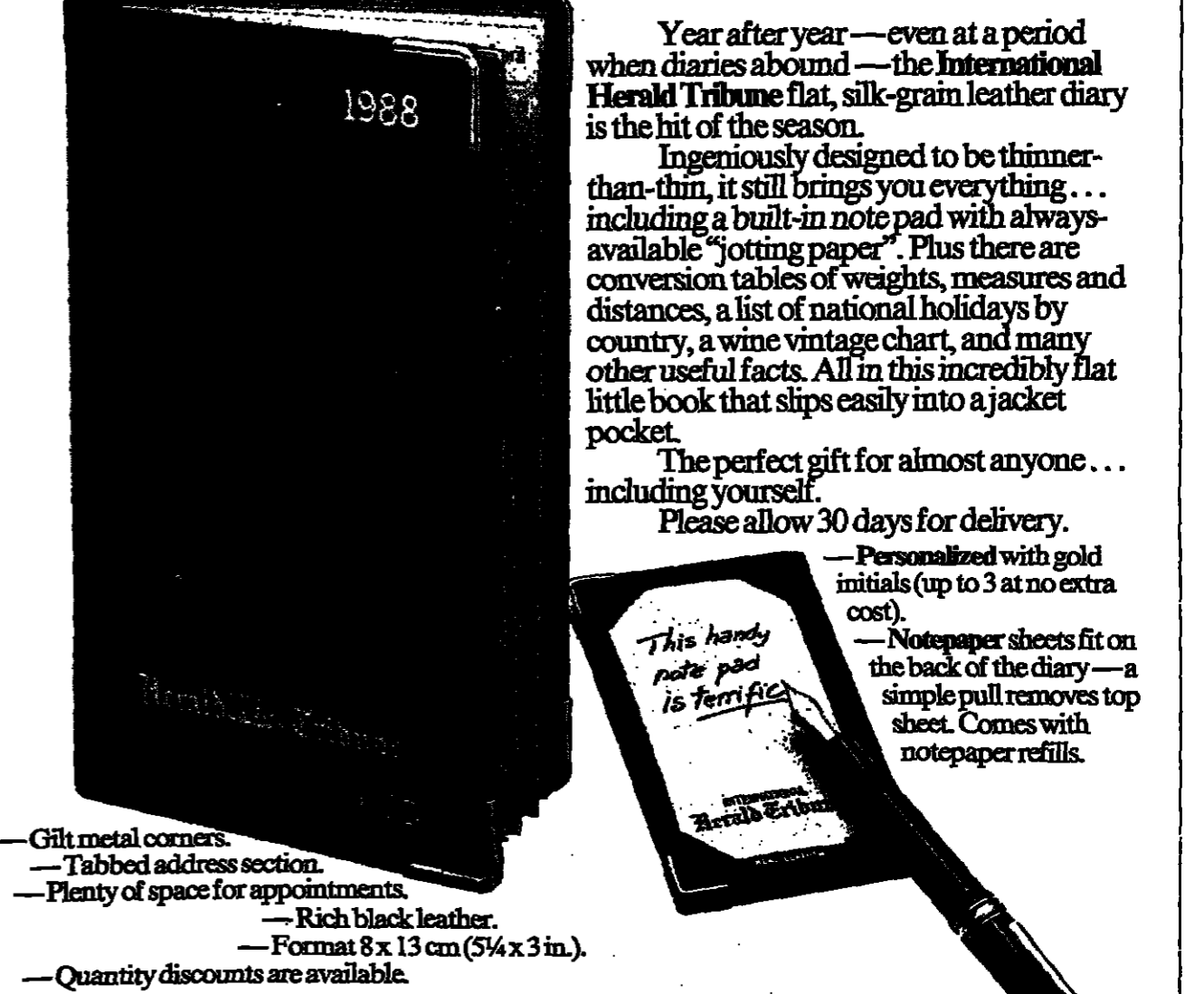
Prevent the realization of the INF Treaty!

- List of names of signatories to the Stop the INF Treaty petition, including various individuals and organizations from different countries.

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Dollar Straights

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THAILAND

THE QUIET ACHIEVER



ENORMOUS differences punctuate the fabric of life in Thailand, but the monarchy continues — almost mysteriously — to provide the unifying bond among this nation of 55 million. Such bonds are virtually unknown anywhere else in the world.

King Bhumibol Adulyadej, the 60-year-old monarch who has reigned since June 1946, is the ninth of the Chakri Dynasty, whose reign coincides with the founding of Bangkok as the capital.

But neither the King's relatively long reign nor the many changes of "temporal" government explain Thailand's royal phenomena. While 90 percent of Thais are devout Buddhists, there is nothing in their character that would indicate a "slavish devotion" to any figure. In fact, the attitude toward the King transcends his official position in the Thai hierarchy.

The origin of the monarchy owes much to the Indian Brahmanic version of reincarnation. The philosophy that one is reborn to a position that one merits from a previous incarnation means that, in essence, the ruler of a state deserves his position. He is not respected *ex officio*, but as one who deserves his position through birth itself.

The idea of a "god-king" was probably developed 600 years ago in the Kingdom of Sukhothai in the north. There, the Indian influence — as well

as the influence of the Khmer Empire in what is today Kampuchea — came to fruition. But even then, the idea of monarchy was totally different from that of the Burmese kings and the sultans of Malaya in the south. For "god" though he might have been, the king was also accessible to the people.

King Ramkambang was a venerated 16th-century king notable not just for creating the present Thai alphabet (taken largely from Sanskrit), but for holding weekly sessions at his palace where all who had problems could come to visit him to seek justice or, at least, solace.

In the later kingdom of Ayudhya, the monarchy was more isolated from the people — the religious element gave way to a ritualization of the institution — but this was justified because of the political problems.

The late writer Ayumongkol Sonakul, who was descended from royalty, explained that "Dynasties fell almost yearly in Ayudhya, because the kings there got far away from the faith. When the capital was burned down (by the Burmese in 1742), it gave way to the Chakri Dynasty, which has survived coups, turmoil, even the revolution against the monarch in 1932."

What distinguished the Thai monarchy from all others in the area is that, from its beginning, it recognized and



His Majesty King Bhumibol Adulyadej (above) and the Royal Palace, Bangkok (below).

accepted the outside world. It was not isolationist. The despotic kings of Burma moved their capitals further and further into the jungle to avoid the British. But not the Thais.

British and French traders were sailing up the Chao Phraya River from the Gulf of Siam from the beginning of the 19th century. They were accepted as traders and educators. And while the Thai monarchy has the duty to protect Buddhism, missionaries were permitted to teach. The book about this period, "Anna and the King of Siam," is very much the fantasy of the teach-

er who wrote it, Anna Leonowens, but its basic idea was correct: King Rama IV was ready and willing to accept Western ideas when they were good for Thailand. But accepting or rejecting them wholesale would have been out of the question.

His successors sent their children abroad — to England, Russia, Germany, France and later the United States — in order to guarantee the openness of the country for the future.

Inevitably, this openness led to problems. In 1932, an elite educated in France over-

turned the monarchy. It was not a simple revolution. It was complicated by the economic factors of the worldwide Depression and by an ingrained cabal within the palace itself that refused to allow changes. The King retired to England, but the monarchy was never allowed to die in the hearts of the Thais.

King Bhumibol was born in Boston, where his father was studying medicine. When he became King, Thailand really did not have any idea of just what the monarch was supposed to do.

The King was "above the law," but in a literal sense he was unable to make the law. He was to be respected or venerated, but for what, outside of tradition, not even the Thais were certain.

King Bhumibol, however, was able to project an entirely new picture of the monarchy as a man of action, of art and of accomplishment.

As a man of action, King Bhumibol has moderated extremism within the kingdom. He has revolutionized agriculture with his own farms, by granting seeds and crops and by encouraging farmers to try new methods.

When it comes to industrialization, the King has been at the forefront in quietly encouraging banks and industrialists to invest in Thailand. Through his office, his conversations and trips abroad, King Bhumibol has brought an air of political stability to Thailand, even when the political system seemed to be on the verge of collapse.

Politically, the situation is very sensitive. Constitutionally, the King can have nothing to do with politics. Yet by conserving his office, he gives greater weight to whatever political thoughts he may have. Several coups were averted simply because the King had quietly told the coup leaders that they would not be "correct."

Through several royal personages who are involved in politics, notably ex-Prime Minister Kukrit Pramoj, it has

been possible for him to let political leaders know his feelings. These are not orders, but because of the veneration felt for him, they are highly — if unofficially — important.

As a man of art, the King is venerated as a musician well known for his jazz composition, his ballet "Manohra" and his encouragement of Thai classical music. As an artist, he has had many exhibitions, and like his royal forebears, has helped supervise many of the architectural monuments. He has also helped to revive the religious ceremonies of the country.

"There is no such thing as Buddhist fundamentalism," said one writer, "but there is a feeling that rituals help to solidify one's feeling of veneration for the elements. In all this, the King has helped to bring these ceremonies, like the Royal Barge Procession, into focus, giving the Thais more focus for their own feelings."

As for the people's feelings about King Bhumibol — now called King Bhumibol The Great, after 40 million signatures were collected in 1985 asking for this new title — they are rarely expressed in words. On his 60th birthday, the streets were lit, signs proclaimed his greatness and the newspapers blazoned out a thousand adjectives.

But the real secret is that the Thais never question his *harmoni*, or "thereness." The Thai word *harmoni* has no real English translation, but it stands for the King: "prestige,

august presence, or grandeur" are the closest translations. But more important is the King's own closeness to his people. He has tried to downplay "royal language" when visiting people in the countryside, and he has attempted to strike a real relationship that is both monarchical and human.

His oath of allegiance during his coronation is near to the reality of his reign: "We will reign with righteousness for the benefit and happiness of the people." This he has tried to do. And no matter what the temporal realities of Thai politics can be, he has bonded together the Thai people as a monarch, as a symbol of veneration, and — ironically — as a very human element in their lives.

Prosperous Land of Plenty

THAI farmers, who comprise almost 70 percent of the population, are often eulogized as the "backbone of the nation." And despite the private sector's rapid strides toward industrialization, they will continue to play a crucial role in the country's future prosperity.

Thailand is the world's number one exporter of rice, tapioca and canned pineapple, and a leading exporter of sugar, frozen shrimp and maize. The country, thanks to its natural fertility, lush climate and hard-working farmers, has long claimed the distinction of being the sole net food exporter in Asia, ranking fifth worldwide after the United States, Canada, Australia and New Zealand. But unlike its competitors in the world market, Thailand's agricultural sector continues to be nearly wholly unmechanized and dependent on millions of small farming families dispersed nationwide, most of whom still use the traditional tools of the Asian farm: human muscle and the water buffalo.

The small farm network is preserved by inheritance, and by pending land legislation, which guards against large land holdings, thus preventing the growth of huge plantations.

In 1981 former Minister of Agriculture Dr. Anut Arbhahirama pushed a draft amendment of land laws that would greatly limit individual land ownership. The amendment is still pending, having passed initial readings in the Thai cabinet and parliament, but has already had a significant psychological impact. Dr. Anut, now the governor of the state-owned petroleum authority of Thailand (PTT), said: "Because of this pending legislation there are few large farms, and land distribution in Thailand is still one of the best in the world."

The small farm system, however, has left the Thai farmer vulnerable to the variables of weather, unscrupulous middlemen and, more recently, plummeting commodity prices on the world market. Government planners, the Bangkok-based business community and the farmers themselves have sought

security in crop diversification and food processing.

Crop diversification is nothing new to Thailand, but the ability to process, package and market agricultural products abroad has only taken off in the past few years. One of the first pioneers in crop diversification was King Bhumibol Adulyadej.

As a "velvet glove" approach to the opium problem in northern Thailand, where the high altitudes and inaccessible terrain have proven ideal, for hilltribes cultivating the illicit crop, the King initiated a "crop substitution program" in the early 1970s. Dozens of government-backed projects with foreign aid and expertise have since extended the program, which now brings strawberries, passion fruit, pineapples, coffee, kidney beans, tomatoes, zucchini and winter squash where poppies once flourished.

The Thai farmer and Thailand's enterprising merchants have taken up where the aid projects left off, turning the north and other formerly re-

See Prosperous, Page 10

The Year of the Tourist Revisited

WE have only one real problem in this tourism year," said an executive of the Tourism Authority of Thailand. "We have to stop people from coming here. They're coming too quickly for us to take care of them."

The executive was only half joking. From the prosaically titled "Visit Thailand Year," the reality was fairly astonishing. In 1986, 2.8 million visitors came to the kingdom. This special year, the number is estimated to be 3.2 million by the end of the year, so the Tourism Authority of Thailand (TAT) is cruising all the way to the Ministry of Finance. The revenue is estimated to be US\$1.8 billion, making tourism by far the highest foreign exchange earner.

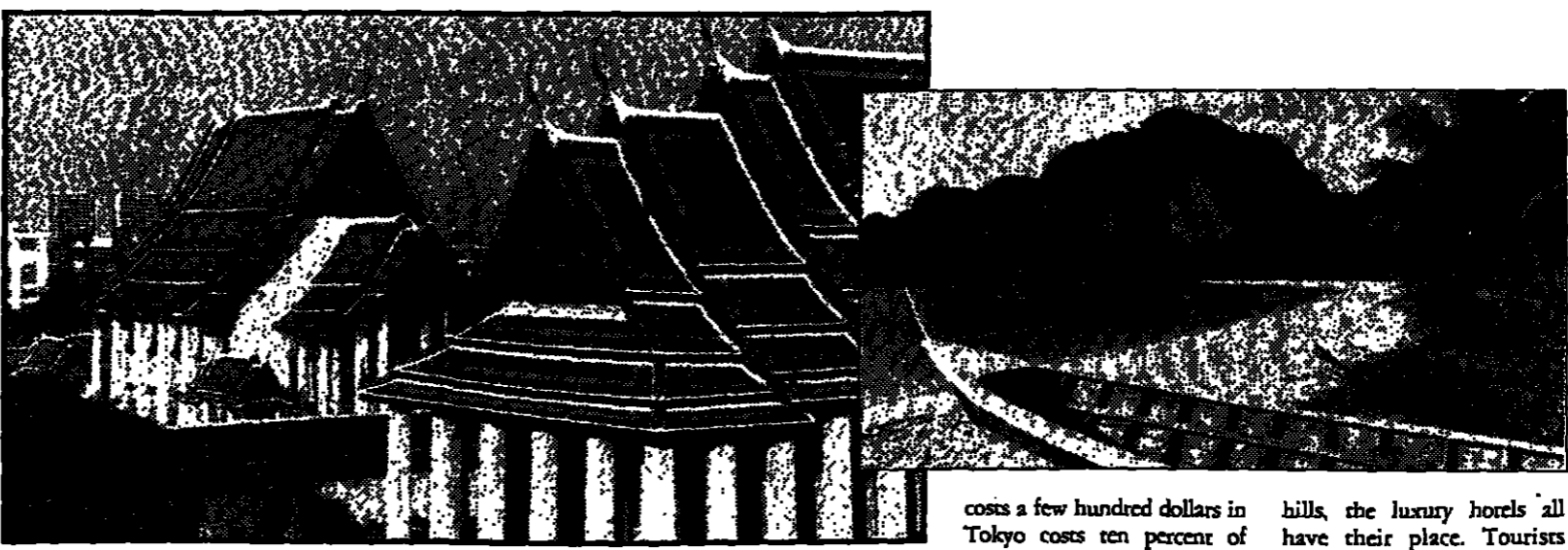
So when the Visit Thailand Year comes to an end in four weeks, what do they do for an encore?

Well, this being Thailand, time isn't exactly what it is in

other countries. Certainly the "year" ends by the end of December. But the TAT has fixed it so the special year ends in July 1988. That has nothing to do with budget allocations or anything so mundane. Visit Thailand Year was originally created to celebrate the auspicious 60th birthday of the King. But in July 1988, the King will have celebrated a longer reign on the throne than any previous monarch. So the celebrations are continuing.

To the TAT, this success is fraught with warning. Should the hotel investors build more rooms? Certainly in December: the 20,000 rooms of Bangkok — and most of the rest of the kingdom — are packed solid with visitors. But this hardly means that next year the same success will come, and they have been warned.

Airlines have their questions as well. While Thai International had a record-breaking load factor of over 70



Thailand's temples and beaches are timeless tourist attractions.

percent, there is no guarantee this will continue. Alitalia, which had discontinued flights to Thailand a few years ago, resumed twice weekly flights, but nobody knows how things will go after this. "We've been very successful," admits the affable TAT governor, Dhamnoon Prachuabmoh, "but I have to

keep on warning people that this may not continue. So far we're riding on an image for this special year. Next year, after July, we'll be concentrating on the image of 'The most exotic country in Asia. But mainly we have to keep riding this wave by word of mouth and reputation.' That plus a hefty advertising budget. This year the budget is \$3.5 million. Next year it will double. But the attractions of Thailand have to speak for themselves.

The auspicious year has brought a certain magic, but each country has its own temptations. The Japanese, for instance, fall in love with Thailand's golf courses. What

costs a few hundred dollars in Tokyo costs ten percent of that in Thailand. Tour groups prefer the middle-class hotels. And almost everyone enjoys the Thai nightlife.

"We have to take that into consideration, but we think the image will change inevitably," says Mr. Dhamnoon. "After all, just look at Japan after World War II. That image is certainly different today. And we're aiming for a family market as well."

For that, the beaches, the

hills, the luxury hotels all have their place. Tourists spend over five days in Thailand (twice as much as Hong Kong), but the TAT wants this to increase. To do so, they are cooperating — usually informally — with provincial tourist associations. There is no official connection between the two, but TAT thinks this is inevitable. TAT also is looking for a more well-heeled group of tourists. They aren't discouraging the backpack or group tourist, but

certain areas — like, say, Koh Samui in the south — don't have the infrastructure to suit them.

Instead, luxury hotels in Pattaya are being constructed, cottage hotels are being built along the whole east coast, Phuket is developing (far faster than the "old hands" want), and Bangkok and Chiangmai are building perhaps too many hotel rooms.

Add to this a regional element — "We want to be the center of a Visit ASEAN Year" soon," said one executive — and Thailand seems to be on the verge of yet another boom.

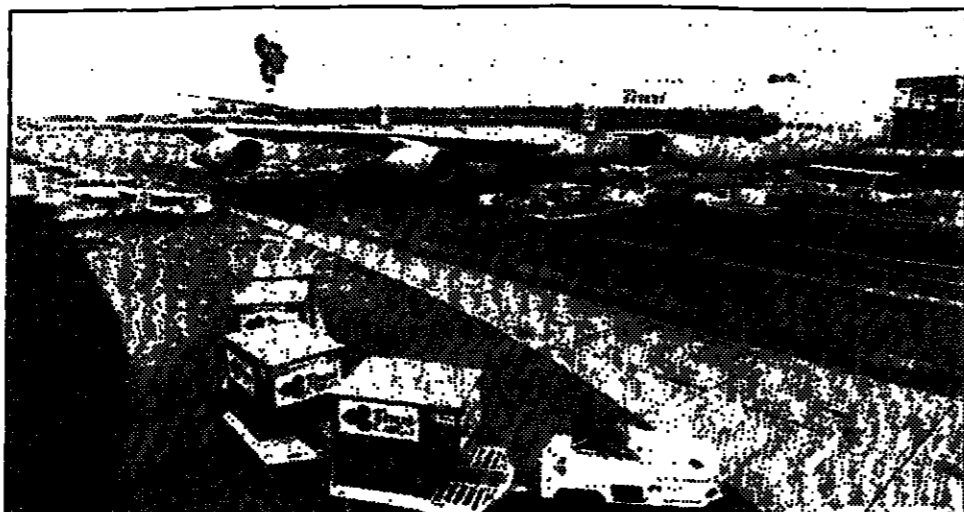
"The real secret," says Mr. Dhamnoon, "is that we have everything going for us: our scenery, our attractions and our people. Now if we can work out how to allocate small things like hotel rooms and airline seats, Visit Thailand Year can continue indefinitely."

Airlines Ready for Next Decade

THE names THAI and TAC were diametrically opposed until last month. THAI was for Thai International, whose fleet flies to 32 countries. With a record load capacity of 70 percent and 11,000 employees, it is believed by some to be the best airline in Asia.

TAC was Thai Airways Corporation, which mainly flies domestic routes. Its profit was perhaps 10 percent. Its staff of 1,800 had a less-than-admirable reputation. Its recent safety record was not the highest. Nor its service.

On November 16, the two airlines merged — with Thai International obviously set to play the key managerial role for the two. The merger had been considered for several years, though no firm commitment was ever made. Now the advantage of the partnership is bound to be felt throughout the country and will surely facilitate basic in-



Sophisticated computers speed cargo handling.

ternational tourist traffic to Thailand.

"Have you ever tried to get from London to Phuket?" asked writer Bill Warren. "It was like getting to the moon. There was simply no way of doing it unless you spent a few days on the spot in Bangkok."

According to Thai International's executive vice president, Charachai Bunya Ananta, this will change almost

immediately. "Now," he said, "we can coordinate schedules and coordinate ticketing. Before this, TAC was limited to domestic stations."

The flexibility factor is equally important. Previously, THAI had leased its own airlines to TAC. Starting in April, when the merger becomes official, coordination will become easier.

Mr. Charachai's prediction

last year that THAI would become a "worldwide airline" by the 1990s seems to be coming true. This year already, THAI will be opening routes to Auckland, Madrid, Toronto and Vienna, with on-line prospects into the region when political conditions allow. (Thailand still has no relations with Kampuchea so the potentially profitable Angkor Wat route is far off.) Several

years ago THAI flew into China, but this expansion is holding back for awhile.

"It is obvious," said Mr. Charachai, "that, with TAC coordination in marketing, ticketing and scheduling, we can make Thailand even more of an 'Asian gateway,' establishing Thailand as the center of an Asian journey."

Until this year, Thai International's claim to be the gateway to Asia was offset by its relatively primitive airport facilities. Last September, when the lofty new departure hall came on, along with two finger piers and 15 airbridges, a remedy was in sight. The South International Passenger Terminal, designed as a Thai-Japan joint venture, is the largest component of an entire restructuring of the airport, to be completed in 1989 at a cost of US\$200 million.

At the project end a total of 16 airbridges attached to four piers will enable the airport to handle aircraft as large as Boeing 747's. They represent the largest single airbridge or-

der ever placed. Once the third finger pier and North Corridor are completed, airport parking space will total 540,000 square meters — sufficient for 52 wide-body aircraft. By 1998, overall international handling areas will have been increased to facilitate 18 million passengers annually ensuring sufficient spare civil aviation capacity to see it into the next decade.

The domestic terminal was updated in 1985, the same time as the cargo terminal. The latter occupies 57,000 square meters and is home to 47 airlines and freight forwarders with a sophisticated computerized handling and storage system.

The financial advantages for TAC are numerous. A long-term planning committee member said that the domestic load factors were likely to increase by over 20 percent next year, not the earlier forecasts of 15.9 percent. Of the 1.268 million passengers expected, most will be traveling on three routes — Bangkok to

Cheongnam, Hat Yek and Phuket. The others, mainly money losers, will now be subsidized by Thai Inter.

"We have no intention of canceling any routes," said Mr. Charachai. "More important, on the major domestic routes TAC can now use our larger aircraft, like the A300B's."

Several problems must be resolved before the merger officially takes place. The financial transfer is basically a matter of a book transaction with the Ministry of Finance. But the complex proposal of privatization will obviously have to wait until this is accomplished.

Other problems will take negotiations to solve. Salary and benefits are much lower at TAC than at Thai International. The agreement between the two companies states that no layoffs will be entertained. But Mr. Charachai privately has few illusions about the difference in quality between the staffs.

"We will," he said, "utilize

the entire staff of Thai Airways. What their position is depends on their capabilities."

Another option is for TAC to offer severance pay and other benefits to employees who don't want to work with THAI.

Negotiations will also be undertaken with travel agents. At present they pay only 2 percent to monopoly TAC, with about 8 percent to Thai International.

The last problem is simply one of allocation and infrastructure. The new airport has helped to resolve this. But Mr. Charachai still believes that new hotel rooms, highways and better coordination between the airline, tourist authorities and other ministries is necessary.

Still, the merge is apparently good for all concerned. Some grumbling might be heard with both TAC and THAI. But the merger fits in ideally with the goals of the tourism authority of Thailand — and thus with the country's biggest money center.

Projects in the Pipeline

SOME 27 years ago, Thailand's east coast was a sun-baked stretch of palm trees, tapioca and resort cottages, while Bangkok was a city-state of clogged harbors and an impossible transport system. That was when the idea of developing a deep sea port along the Gulf of Siam was envisioned. Two decades later, the vision was expanded into the grandly titled Eastern Seaboard Development Program (ESDP). This would include two massive harbors, three industrial estates and an infrastructure extending as far as the old American military airport of Sattahap near the Kampuchean border.

Attractive as the vision may be, the ESDP has progressed as slowly as Bangkok's traffic. Thailand's endemic "communitology," political infighting and paperwork has meant that ESDP remains almost at the dream state. Still, Prime Minister Prem Tinsulanda has put so much weight behind the project — expected to cost US\$5.6 billion — that finally some contracts have been signed for this, the largest integrated public-private project in Thailand's history.

The idea is an all-encompassing one, centering on two areas. Laem Chabang in Chonburi Province, 125 kilometers east of Bangkok, would ex-

pand its port to handle up to 4 million tons of goods annually. Behind all this would be an industrial estate, attracting labor-intensive light and medium industries, including food processing, electronics and commercial works. More ambitious is the second port, Map Ta Phut, further to the east. Already on the receiving end of the world's largest natural gas reserves pipeline, Map Ta Phut would serve as the site for heavy and natural /petrochemical-based industries. A deep-water port would include berths for general cargo and the industrial estate would include some rather extravagant projects, including a

fertilizer plant, steel foundry and other heavy industries.

Both projects would be coupled with massive infrastructural facilities: up to 7,000 telephone lines, a road network going into the interior, the reopening of Sattahap both for passengers and cargo, water and electricity — all long-overdue for the now tourist-rich area.

The feasibility study, from 1981-86, was bright. First, Thailand's general economic growth was very strong during this time. The manufacturing sector grew 70 percent

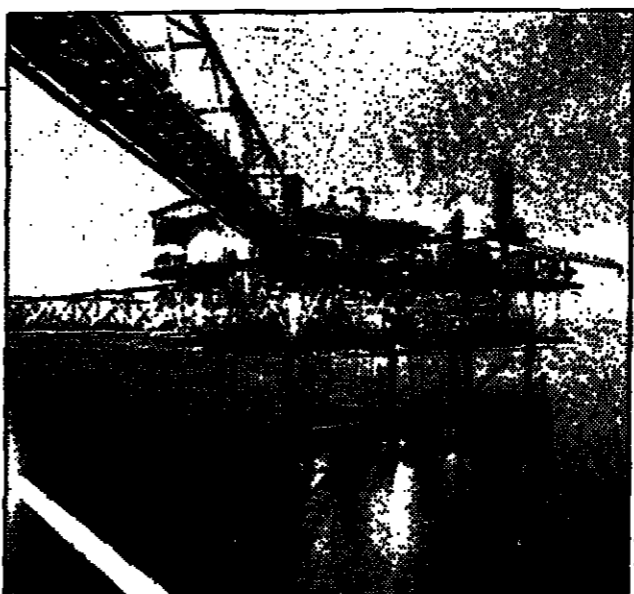
in 1985, replacing agriculture as the engine of growth. Thailand certainly needed another port. And while the resort owners along the 120-kilometer road through Pattaya strongly objected that pollution could ruin their industry, the idea of industrialization was appealing to even the most conservative Thai economists.

Anandvichai Dhanasunthorn, general manager of Thai Factory Development Company, explained, "We're a very cautious country financially. But there is no denying we need industry. We need this new port and we need the back-to-back industrial estates outside of Bangkok."

Last year, the board of investment received 700 applications for new industries, but virtually none were outside of Bangkok. The capital might have its problems but there are few viable industrial facilities outside the capital.

The Laem Chabang port is equally essential. Dr. Savit Bhoiwihok, a government planner behind ESDP, said, "Laem Chabang isn't an east coast port, it will be a national port. And it is absolutely necessary because Klong Toey (Bangkok's port) is fully exhausted at present."

With the exception of the tourist-service industry, which has proved its worth to the country already, planners agree that ESDP is essential. But it was only in October this year — 26 years after its



Oil production in the Erasuan field.

conception — that a contract was signed to deepen Laem Chabang port.

While the 1,100-acre plot of land is already filling up with light-factory industry (mainly to facilitate the agrowth industries of the northeast), the gigantic port of Map Ta Phut is the big question mark. The 425-kilometer natural-gas pipeline has engendered a gas-separation plant, and two petrochemical plants will be operational within two years, spurred on by a ten percent or higher increase in domestic demand for petrochemical feedstocks.

As for the promised heavy industry, nothing has been constructed at all. One computer printout list of all the intended plans shows why. Steel foundries, chemical plants, shipyards and ship-breaking yards are all in the pipeline, but none have signed on. The reason? As the list shows, all are waiting for even the first crane to dig out the first hole in the port.

Mr. Anandvichai, whose semi-government Thai factory development corporation should do siting and financing for the project, sees ESDP as "at least two to three years off before we can take it seriously." Several drawbacks are noted. First, the government refuses to sell the land outright. "A 99-year lease would do for European investors," said Mr. Anandvichai, "but it is insufficient for Asian investors, who want to know they have the land." Second, he said, right now the project is "still dirt and promises." The infrastructural facilities will have to be built before any serious investment takes place. A further problem arises with the essential Japanese investment as the yen becomes almost as valuable as gold. Money promised may not be in the pipeline.

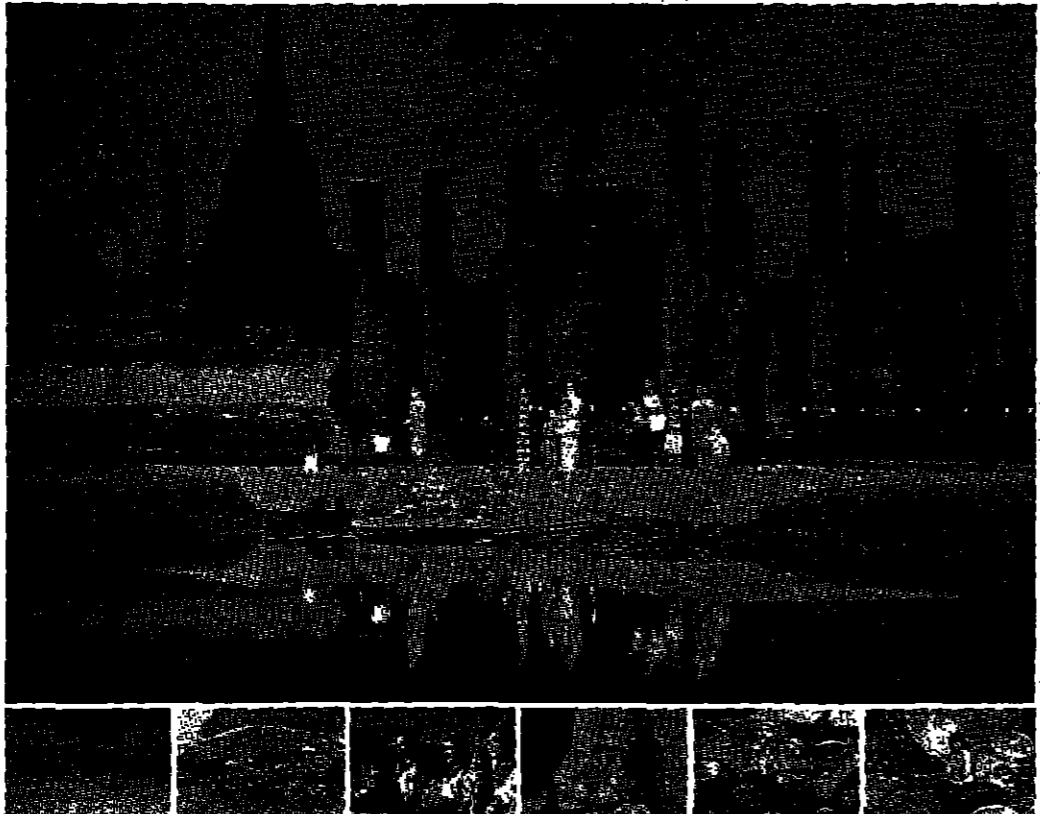
Perhaps the major problem is governmental bureaucracy. The complexities of which political party or which power holds sway in either of the two ports has been noted in many

confidential reports to foreign investors. Instead of developing one port or another, the political pendulum swings, with only the prime minister seemingly holding a disinterested allegiance to the project. Added to this, different ministries have control over different facets such as land, water, pollution and industry. Yet there is still much optimism, as one port slowly is being deepened and the petrochemical plants are nearly on target.

Fortunately, the government recently announced a new change to the entire ESDP. Starting in 1988, the infrastructure will go out to tender to private industry rather than the government, and this in itself has made industrialists more optimistic. Port and estate projects, which are relatively uncomplicated, would go to Thai, Taiwan, Korean, perhaps Spanish or Italian companies. The more complex building would go to Japanese or European firms.

Mr. Anandvichai feels that though success is still "down the road," there is a possibility that the ESDP will someday happen. "We have a Thai saying," he explained, "that when the water is high, you scoop it out. The water was very high until the recent economic problems and we didn't take advantage of it." "Thailand is set to become an industrial success. And the only way is through getting a project like this one off the ground."

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oldest civilization ever identified. And as you travel around the country enjoying the beaches, the scenery, the delicious food, you will discover another aspect of the culture: peaceful villages, an old lady offering food to a monk, a child weaving a garland of flowers. And everywhere, the smiles and laughter of the friendly Thais, making you welcome.

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Prosperous Land of Plenty (Continued from Page 9)

more regions into production bases for produce which several years ago had to be imported. Said the Bangkok Hilton's executive chief Josef Peter, "Before, we had to import practically all our fresh vegetables and spices. Today we get iceberg lettuce, white and green asparagus, beans, oak leaves, cantaloupe and honeydew melons, in addition to the regular Thai vegetables."

More important for the Thai economy has been the growth of food-processing industries. Exports of canned food in 1986 earned the country Baht 14.98 billion (US \$587 million). Canned pineapple, still the country's leading item in the canned food category, accounted for nearly 23 percent of all canned food exports. Other processed fruits and vegetables that are increasingly popular abroad include pineapple and other fruit juices, frozen fruits, canned mango, rambutan and longan, and canned dwarf corn and other seasoned vegetables.

Despite the swiftly depleting fisheries in the Gulf of Thailand, the country has con-

tinued to be a major exporter of frozen shrimp and canned seafood by shifting toward aquaculture and commercial fish farming. In the past six years the country has gone from being an importer of canned tuna to one of the world's leading exporters. Unicorn Co. Ltd, a leading canned tuna exporter, buys the fish from American and Japanese tuna trawlers in Bangkok, trucks them to its factory where they are processed and canned, and then export them to foreign markets in the United States, Europe and even Japan.

The rising popularity of food processing has highlighted the need for greater cooperation between the predominantly urban based private sector business community and the Thai farmer. The process has only just begun, but already economists argue that such cooperation is crucial to Thailand's economic future. Said respected economist Dr. Anar, "I think Thailand should definitely go into more food processing to diversify our activities, to generate em-



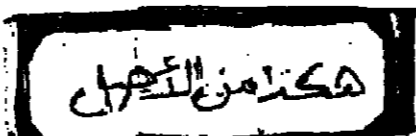
Tobacco crops in the Chiang Mai valley.

ployment which is going to see a big problem in the next few years, to get value to added activities, and as a means of making our price-support program for agricultural products work properly."

Whether the government should spend more on budget-boosting agro-industries instead of traditional industries such as chemicals and the automobiles remains a crucial development question. Many

economists argue that Thailand should strive to become the world's first newly agro-industrialized country (NIC), rather than yet another newly industrialized country (NIC) within the next five years.

This Advertising Section was written by Harry Rubinick



ON DECEMBER 5TH THE PEOPLE OF THAILAND SALUTE A DEDICATED KING

ON DECEMBER 5TH, 1987, HIS MAJESTY KING BHUMIBOL ADULYADEJ, ninth monarch of the Chakri Dynasty, celebrates the achievement of the fifth cycle; his 60th birthday.

In Thailand, life is measured in cycles of twelve years. The completion of each cycle is a significant step in a man's life. It means development and change. Fortunes may improve, or worsen. Personality and outlook on life are different. Each cycle is a "coming of age."

However, the fifth cycle is the most important of all. At sixty, man is mature, wise and knowing. Experience has made him complete. Thus, completion of the fifth cycle is a time for celebration.

When a King achieves this momentous step, an entire nation celebrates. And in the case of King Bhumibol, the joy is genuine indeed.

Since the beginning of the Chakri Dynasty, the monarchy has been benevolent and caring. Both a friend of the people and a figurehead.

King Bhumibol and his beautiful Queen, Sirikit, have carried on this tradition, regularly travelling throughout the country offering help and advice where it is most needed.

Thailand is still largely agricultural, and the climate



His Majesty King Bhumibol Adulyadej sharing advice with a group of his subjects.

can be extreme, with monsoons and floods in some areas and drought in others. The King and Queen have initiated countless projects to speed the advance of technology. Dams and irrigation systems have been built under the King's guidance, while modern farming schemes have been introduced all over the country.

This ongoing relationship is conducted without fanfare. In fact, the King is likely to arrive on a remote farm for an informal get-together to see how things are progressing.

This extraordinary devotion to the well-being of his people has made King Bhumibol one of the most beloved monarchs in Thailand's history. His picture takes pride of place in practically every household in the land.

Next year, King Bhumibol becomes the longest reigning monarch of the Chakri Dynasty. He came to the throne in 1946, pledging to "reign with righteousness for the benefit and happiness of the Thai people." That, he has done, and continues to do.

On this momentous occasion, Thai Airways International join with all the Thai people in expressing their love and gratitude to King Bhumibol Adulyadej. May the completion of his fifth cycle bring His Majesty as much joy as he has brought to his people.

A N A T I O N C E L E B R A T E S

EUROBONDS Weak Policy Makes Dollar A Target for Frustration

By CARL GEWIRTZ
International Herald Tribune
PARIS — An improvement in U.S. employment data and heavy central bank intervention sent the dollar higher Friday. But unless foreign central banks are prepared to sustain their buying, U.S. dealers say, the dollar's trend is definitely not upward. "The greatest mistake we could make at this time would be to fix the [value of the] dollar," said Rimmer de Vries, economist at Morgan Guaranty Trust.

"We are in a terrible environment," he said Friday in an interview. He said that U.S. and West German officials are "tinkering at the margin" on policy moves that will have not much significance in addressing the fundamental problems: the huge U.S. current-account deficit, running at about \$150 billion a year, and the surpluses registered by West Germany and Japan.

Behind these surpluses are the too-rapid growth of U.S. consumer demand, fed by an excessive budget deficit that sustains a level of imports that prevents a meaningful improvement in the current-account deficit; and the lukewarm rate of domestic demand in West Germany and the rest of Europe. For the moment, expansion in Japan is relatively robust. Mr. de Vries argued that it could still be higher, but the main worry is whether current policy is capable of sustaining the present level through next year.

The Louvre pact, whereby the seven major industrialized nations attempted last February to stabilize exchange rates, "will go down in history as a great mistake — stabilizing at the wrong level with false promises not executed," Mr. de Vries said. He has long argued for stable rates, albeit at a lower level than set at the Louvre meeting. The disillusionment with fixity has been apparent for some weeks among Washington officials. But with policymakers incapable or unwilling to take bold action to address fundamental issues, the disenchantment with currency stability is becoming quite widespread.

Mr. de Vries said that governments should not attempt to renew the Louvre pact "on the basis of what governments have done so far or are prepared to do." This does not mean officials should give up on efforts to cooperate on coordinating economic policies, he said, but that coordination has to precede an agreement to stabilize currency rates.

A PART FROM the long-standing political impasse in the United States on cutting the budget deficit, the United States now has a legitimate excuse for doing nothing: the uncertainty about how the crash in stock prices will affect consumer demand.

The U.S. employment figures released Friday showed a bigger-than-expected increase, but this really does not provide much of a clue about consumer demand. The major problem is that the job data are a lagging indicator; layoffs occur after a slowdown has occurred. In addition, if exports replace domestic sales as hoped, employment could be rising even while domestic demand is falling. Until there is solid evidence on the behavior of U.S. consumers, analysts say, the Federal Reserve will not tighten policy. Hard facts are not expected until January at the earliest.

A number of analysts fear there will be no dramatic impact on domestic spending. "That could be a real worry," said the senior dealer of one major U.S. bank. Concern about the inflationary impact of the falling dollar on domestic costs as well as the massive liquidity pumped out by the Fed to calm markets could then send market-led interest rates sharply higher. That would recreate the scene that led to the Oct. 19 collapse of stock prices.

Brendan Brown, an economist at County NatWest Bank, said last week that while it was still too early to know for sure, the probability of a spontaneous slowdown in U.S. consumer demand was about 60 percent. That figure represents a revision of his earlier estimate of 70 percent.

Michel Develle, an economist at Banque Paribas, said that European officials were spending too much time worrying about the dollar's exchange rate and not enough time watching the yen, which has depreciated by 1 percent against the Deutsche mark since mid-October.

"The dollar's decline is worrisome," he said, "but our real problem is Japan. We need a reevaluation of the yen." Despite cuts last week in European interest rates, which put West Germany's discount rate at a historic low of 2.5 percent, the Deutsche mark sector was the most active in the Eurobond market. A week earlier, analysts were saying the anticipated cut would eliminate the "fantasy factor" of ever lower German rates and end the lure of investments in marks.

But with the dollar expected to continue to fall, investors see continuing currency gains. Barring a turnaround on fiscal policy, See EURO BONDS, Page 15

3 Nations' Ratings Lowered

Moody's Also Reviews Debt of 12 U.S. Banks

Compiled by Our Staff From Dispatches
NEW YORK — Moody's Investors Service Inc. has downgraded bond ratings for Argentina, Brazil and Venezuela, saying their capacity and willingness to service their foreign debt had deteriorated.

Moody's, a leading credit-rating agency, also placed the ratings of a dozen major banks that lead to the countries under review on Friday, but analysts said this was unlikely to damage their ability to borrow. "I would suspect that it would not increase their funding costs much at all," said Thomas Brown, vice president of Smith Barney, Harris Upham and Co.

The bonds downgraded are Eurobonds, long-term debt securities issued outside the borrower's country in any of several currencies. Many analysts said they were not surprised by the action. "The news coming out of Latin America has been getting progressively worse," said Cheryl Swain, vice president at Oppenheimer & Co.

The presidents of eight Latin American debtor nations, including the three affected by the Moody's downgrading, called a summit meeting Nov. 29 by ending for relief from their combined debt of \$400 billion. Brazil's foreign debt totals \$113 billion, Argentina's \$54 billion and Venezuela's \$33 billion.

In the downgrading, Moody's rating for Brazil's Eurobonds went from Ba1 to B1. Argentina's fell from Ba3 to B2 and Venezuela's slipped from B2 to Ba3. Ratings as low as Baa are considered to be "investment grade," a Moody's spokesman said. Ratings below that point, the range in which all three Latin nations are viewed as "speculative" investments.

Moody's said the banks under review were Citicorp, BankAmerica Corp., Chase Manhattan Corp., Bankers Trust New York Corp., Bank of Nova Scotia, Chemical Bank, Continental Illinois Corp., European American Bank, First Chicago Corp., J.P. Morgan & Co., Manufacturers Hanover Corp. and Irving Bank Corp. Manufacturers and Irving were already under review for different reasons.

Moody's said a fall in the value See RATINGS, Page 15

Amid Stock Market Turmoil, Base Metals Shine

Reuters
LONDON — World base metal prices have risen sharply, despite a collapse in the financial markets that some analysts say could be a prelude to recession. The increase in metals prices, analysts said, has been caused by growing global demand and reduced supply. Many mines were closed in the early 1980s.

The weakness of the dollar and a sudden interest by investors in metals have also helped to boost prices, analysts said. When stock markets collapsed in October, many speculators were forced to sell their metals holdings to cover losses in other markets. This brought some metal onto the market, causing a temporary drop in most prices, though copper held its ground.

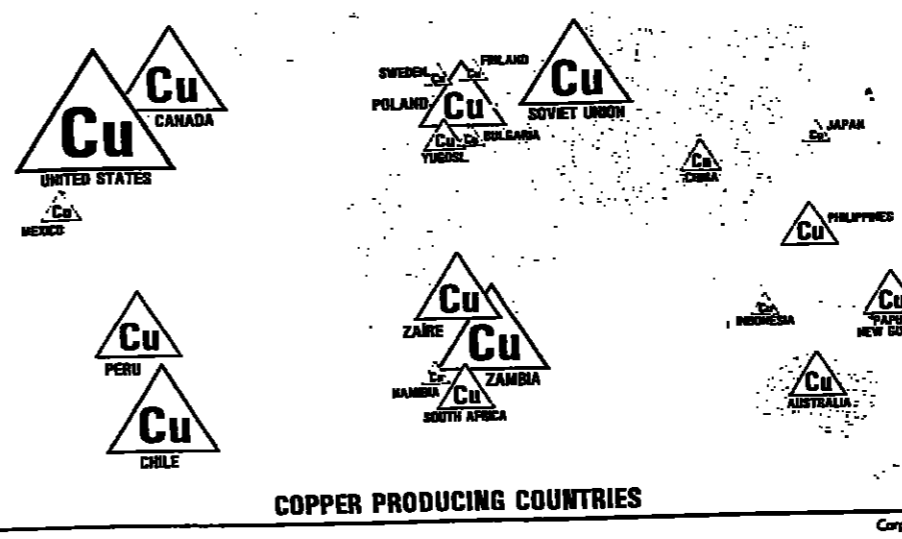
In times of uncertainty in financial markets, speculators sometimes invest in metals, but this time losses were so great that investors were jittery about losing more, analysts said. These factors led Shearson Lehman Brothers, in a recent weekly metals review, to call global metal markets a "sea of tranquility, where the fundamentals are undoubtedly holding sway."

Copper, used widely in such sectors as electronics and cars, soared 45 percent from average 1986 levels to a record on Nov. 30 of £1,393 (now about \$2,500) a metric ton for three-month delivery. Cash copper for immediate delivery went even higher, peaking around £1,580 a ton on Nov. 25.

Its leap in value gave a much-needed boost to debt-laden producers such as Chile and Zambia, both of which depend heavily on the metal for their foreign exchange earnings. Nickel, now relatively scarce and in great demand from the stainless steel industry, has jumped to around £3,570 a ton in early December for three-month delivery on the London Metals Exchange, from an average £2,700 a ton in 1986.

The prices of lead and aluminum have also increased but zinc has lagged behind, partly because of extra supplies from North America and Australia as a by-product of their search for silver. Tin, whose price collapsed when the International Tin Council became insolvent in 1985, continues to fluctuate at lower levels.

Countries that produce metals are worried that high prices may encourage consumers to substitute other materials for their metals and may interfere with long-term development plans. But high prices cannot last forever, according to industry analysts.



Producers are making money hand over fist and loving every minute of it," said Stephen Briggs, an analyst at Shearson Lehman Brothers' London Metals Research Unit. "But they're worried, because the higher it goes, the harder it will fall." Though the price of copper fell away a bit in early December from its highs in late November as some investors took profits, it remained the strongest performer among base metals.

Spurred by unexpected copper demand from the United States and Asia and a fall in stocks, See METALS, Page 15

Bank Bid Dropped In Spain

Bourse's Refusal Dooms Bilbao's Offer for Banesto

Reuters
MADRID — A leading Spanish bank, Banco de Bilbao, has abandoned a hostile bid to acquire Banco Español de Crédito and form Spain's biggest banking group, after the Madrid stock exchange rejected the proposal.

The move is a disappointment for Spain's Socialist government, which has called for mergers between large banks to meet increased international competition. The withdrawal of the offer is also seen as a blow to hostile takeover bids.

Bilbao's chairman, José Angel Sánchez Asialin, said Saturday that the Madrid bourse ruling "makes impossible any takeover bids in the future under the present law." "The bourse authority's excessively rigid ruling makes it absolutely impossible to proceed with the bid," he said.

Banco de Bilbao dropped the bid on Saturday after it was formally rejected on Friday by Madrid's stock exchange authority. The consensus of all four Spanish stock exchanges is required for any bid to proceed.

The Madrid bourse said the bid could not proceed because Banco de Bilbao's board had failed to obtain shareholders' approval for the issue of new stock to finance the planned takeover of Banco Español, known as Banesto.

Bilbao was offering Banesto stockholders one old Bilbao share and six new shares plus a cash premium of 15,000 pesetas (\$133) for every 10 Banesto shares. The authority ordered that trading in shares of Bilbao and Banco Español should resume Monday.

Transactions in the shares were suspended two weeks ago, after Bilbao, the smaller bank, said it was seeking a merger with Banesto, Spain's second-largest bank. The withdrawal of the bid was also seen as a victory for Mario Conde, a young businessman appointed to a top executive post at Banesto a week earlier.

Mr. Conde launched a counter-bid for Banesto through an oil company, Petroleros del Mediterraneo, which Banesto indirectly owns. The counterbid had been dropped because it was made conditional on Bilbao's bid going ahead.

Dow Fails to Reflect Breadth of Losses

By Lawrence J. De Maria
New York Times Service
NEW YORK — By some measures, Wall Street is in worse shape now than after the stock market's traumatic collapse in October.

The Dow, made up of the stocks of 30 of the premier U.S. corporations, is just one measure of the stock market's performance. Other, broader gauges have fallen far below their Oct. 19 level.

Smaller, or secondary, stocks have been taking an historic beating in recent weeks. The larger universe of stocks being measured, the greater the overall decline.

For example, the Standard & Poor's 500-stock index, made up of the nation's major corporate entities, lost 1.29 points Friday, to end at 223.92, below the Oct. 19 close of 224.84.

The New York Stock Exchange composite index of 1,600 issues closed at 125.91, off 1.10; On Oct. 19, it was at 128.62.

Laszlo Birinyi, chief technical analyst for Salomon Brothers Inc. said that the Dow had managed to hold above its Oct. 19 low — for now — because worried investors "are going into safety." "They are going into GE instead of some secondary names," he said, referring to General Electric Co.

Analysts have said that 3,000 or more of Hutton's 18,000 employees could lose their jobs as a result of the merger. Some Hutton executives, who asked not to be identified, said the number could be far higher.

There are rumors flying around here that as many as 9,000 people could lose their jobs," one Hutton executive said last week.

Although the bulk of the cuts at Hutton are likely to be made among back-office and clerical personnel, the jobs of professionals at the firm are also in jeopardy.

Mr. Long said that as Wall Street's retrenches, "anything from a 12 percent to a 15 percent reduction" in the securities industry's

work force, including the entire municipal bond department.

Analysts said that deeper personnel cuts up and down Wall Street in the coming weeks and months could have a chilling effect on the economy of the New York City area.

Samuel M. Ehrenhalt, regional commissioner of the U.S. Bureau of Labor Statistics, has said that Wall Street accounted for one in four of the new private-sector jobs created in New York in the last decade.

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Kidder's Cuts Signal a Multitude Out on the Street

By Kenneth N. Gilpin
New York Times Service
NEW YORK — An announcement by Kidder, Peabody Co. of the biggest staff cuts yet on Wall Street signals even bigger job losses in the industry in coming months, analysts say.

Kidder said Friday it would eliminate 1,000 jobs, or roughly 15 percent of its work force, as part of a stringent cost-cutting program. The staff cut represents the bulk of a restructuring program that the firm began about two months ago.

"The Kidder cuts are the bellwether for what is to come for some of the firms on the Street," said Perrin Long, an industry analyst at Lipper Analytical Securities. "There is a widespread belief that 1988 will be a tough, tough year."

"Industrywide, we could see about 8 percent cut out of the work force," he added. Kidder also said it intended to reduce nonpersonal expenses by at least 20 percent, and that it would close at least 10 percent of its 65 branch offices.

The latest cuts would reduce employment at the firm to between 6,300 and 6,400 people, or roughly the number of workers on the payroll at the start of 1986.

Staff cuts could have a chilling effect on the New York area. Wall Street accounted for one in four of new private-sector jobs created there in the last decade.

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work force, including the entire municipal bond department.

Last Week's Markets

All figures are as of close of trading Friday

| Stock Indices | Dec. 4 | Nov. 27 |
|---------------|-----------|-----------|
| United States | | |
| DJ Indust. | 1,766.74 | 1,910.48 |
| DJ Util. | 173.13 | 180.18 |
| DJ Trans. | 461.00 | 728.43 |
| S & P 500 | 227.17 | 223.72 |
| S & P Ind. | 222.87 | 240.34 |
| S & P Int. | 225.43 | 225.20 |
| Dow Jones | 125.14 | 125.14 |
| NYSE Comp. | 125.91 | 125.14 |
| Europe | | |
| FTSE 100 | 1,582.80 | 1,651.60 |
| FT 20 | 1,362.70 | 1,368.20 |
| Nikkei 225 | 22,602.75 | 22,268.02 |
| West Germany | | |
| Commerzbank | 1,294.70 | 1,329.40 |
| Hong Kong | | |
| Hong Kong | 1,994.22 | 2,194.18 |
| World | | |
| MSCI P | 353.20 | 403.40 |

Currency Rates

Dec. 4

| Cross Rates | Dec. 4 |
|--------------|----------|
| Amsterdam | 1.61 |
| Brussels (a) | 36.21 |
| Frankfurt | 1,632.00 |
| London (b) | 1.975 |
| Milan | 1,288.70 |
| New York (c) | 1.325 |
| Paris | 165.10 |
| Tokyo | 133.30 |
| Zurich | 1,357.00 |
| 1 BCU | 1,367.00 |

Other Dollar Values

| Currency | Per \$ |
|--------------|----------|
| Australia | 1.34 |
| Canada | 1.29 |
| France | 6.55 |
| Germany | 1.63 |
| Italy | 1,367.00 |
| Japan | 165.10 |
| UK | 1.975 |
| West Germany | 1.63 |

Kingdom of Sweden

U.S. \$750,000,000

Floating Rate Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 7th December, 1987 to 7th June, 1988 the Notes will carry an Interest Rate of 7 7/8% per annum.

Interest payable on 7th June, 1988 will amount to U.S. \$408.49 per U.S. \$10,000 Note.

Morgan Guaranty Trust Company of New York
London Agent Bank

Hong Kong Banks Cut Rates To Discourage Speculation

HONG KONG — Hong Kong's major banks are to slash interest rates Monday by up to 1.25 percentage points to discourage speculation that the British colony's currency would be revalued.

Banks said Saturday they would lower interest paid on deposits of one to two weeks to a meager annual rate of 0.5 percent, from 1.75 percent. The move brought some short-term rates to their lowest levels in nearly a decade.

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New International Bond Issues

Compiled by Laurence Desvillettes

| Issuer | Amount (millions) | Mat. | Coup. % | Price | Price end week | Terms |
|--------------------------------------|-------------------|------|---------|---------|----------------|---|
| FLOATING RATE NOTES | | | | | | |
| For West Capital | \$ 75 | 1993 | 0.325 | 100 | — | Over 3-month Libor. Noncallable. Payable Jan. 13. Fees 0.46%. Denominations \$100,000. |
| Flash V | \$ 30 | 1992 | 0.21 | 100.10 | — | Over 3-month Libor. Noncallable. Fees 0.11%. Denominations \$100,000. |
| FIXED-COUPON | | | | | | |
| Tokyo Metropolis | \$200 | 1993 | 9% | 101 1/2 | 100.00 | Noncallable. Payable Jan. 7. Fees 1 1/2%. |
| Bank of Greece | DM 300 | 1992 | 5% | 99 1/2 | 98.10 | Noncallable. Payable Jan. 5. Fees 2%. |
| Commerzbank Overseas Finance | DM 300 | 1993 | 5% | 100 | 99.05 | Noncallable. Payable Jan. 7. Fees not disclosed. |
| Ferrovie dello Stato | DM 500 | 1993 | 5% | 100 1/2 | 99.20 | Noncallable. Payable Jan. 15. Fees 2%. |
| Industrial Development Bank of India | DM 200 | 1994 | 6% | 100 1/2 | 98.85 | Noncallable. Fees 2 1/2%. |
| Zandlers Int'l Finance | DM 75 | 1995 | 6% | 100 | 99.05 | Noncallable. Payable Jan. 7. Fees 2 1/2%. |
| Goodman Fielder Industries | £ 150 | 1992 | 10% | 100 1/2 | 99.50 | Noncallable. Fees 1 1/2%. |
| Royal Trustco | £ 50 | 1992 | 10% | 101 1/2 | 99.75 | Noncallable. Fees 1 1/2%. |
| Abn-Amro Nederland | DF 100 | 1993 | 6% | 100 1/2 | — | Noncallable private placement. Payable Jan. 15. |
| Postipondia | DK 250 | 1993 | 11 | 101 1/2 | 98.88 | Noncallable. Payable Jan. 14. Fees 1 1/2%. |
| Crédit Foncier de France | FCU 50 | 1994 | 7% | 97 1/2 | — | Noncallable private placement. |
| China Int'l Trust & Investment | ¥15,000 | 1993 | 5% | 102 1/2 | 99.50 | Noncallable. Payable Jan. 20. Fees 1 1/2%. Denominations 10 million yen. |
| Crédit Foncier de France | ¥20,000 | 1994 | 5% | 101 1/2 | 99.38 | Noncallable. Fees 1 1/2%. |
| EQUITY-LINKED | | | | | | |
| Ranks Hovis McDougall | £ 59 | 2003 | open | 100 | — | Coupon indicated at 4% to 5 1/2%. Redeemable in 1993 to yield 9 1/2%. Convertible at 350 pence per share, a 19% premium. Fees 2 1/2%. Terms to be set Dec. 8. |
| WARRANTS | | | | | | |
| Nordic Investment Bank | 0.20 | 1991 | — | \$24 | — | Call warrants exercisable at 102 1/2 after Sept. 1989 into U.S. Treasury's 6 1/2% bonds due 1997. |

EUROBONDS: Disillusionment With Dollar Fixity

(Continued from first finance page) to bring forward promised German tax cuts, the next response is expected to be a unilateral revaluation of the mark within the European monetary system or, less likely, a re-imposition of the Bardeot — a tax used in 1972 to deter inflows of hot money.

In any event, the 1.375 billion DM of Eurobonds launched last week met a favorable response. The short maturities were a plus, as was the fact that three of the issues were state-guaranteed — the Bank of Greece for 300 million DM; Italy's state railway Ferrovie dello Stato for 500 million DM, increased from an initial 300 million; and Industrial Development Bank of India for 200 million DM.

Ferrovie, offered at 100% bear-

IMF Cites Mexico in Third World Borrowings

The Associated Press

WASHINGTON — The International Monetary Fund said Sunday that U.S. banks and the lending institutions of other industrial nations lent \$3 billion more to Third World countries than they got back during the first half of 1987.

The IMF, releasing figures for the first six months of the year, said "involuntary lending" to Mexico accounted for all of the difference. In those six months banks paid out \$3.5 billion in "concerted" loans to Mexico, which already owed over \$100 billion. Banks call that involuntary lending, since it is made only under pressure from the U.S. government that owns the fund. The United States holds the largest block of votes.

In the same period last year, banks got back \$7 billion more from the Third World than they lent.

In recent years, banks have been making few loans on their own initiative to heavily indebted countries, despite urgings by Treasury Secretary James A. Baker 3d and others.

The World Bank, the fund's sister organization, estimates Third World debt at more than \$1 trillion. The fund offered no new figure but said total debt rose in the first half of the year not only because of the new loans but also because Third World countries fell behind another \$2 billion in payments of interest on old ones.

Brazil caused a major jump in the arrears by suspending its interest payments last February on about \$68 billion of its debt to banks.

Payments of interest and small amounts of principal are costing Third World countries about \$30 billion a year, an expense their leaders complain has crippled development.

Traditionally, developing countries borrow a lot more than they pay back. Ideally the money goes into new projects that create jobs and raise living standards.

"Hundreds of banks now just say 'no' to new Third World loans, according to Robert D. Sloan. Until earlier this year he was the vice president at the First National Bank of Chicago in charge of lending to foreign governments."

The fund's latest figures also show that Third World countries increased their deposits in banks by \$18.5 billion in the first half of 1987, compared with \$18 billion in net withdrawals in the first half of 1986.

"Almost all of this increment reflected higher official foreign exchange reserves and came mainly from Taiwan... and Mexico," said the fund's monthly "IMF Memorandum."

Taiwan has been accumulating dollar reserves in large part by heavy sales of its goods to the United States. U.S. officials complained that Taiwan authorities have not let their currency rise in value against the dollar as much as other currencies have done.

Mexico has been accumulating reserves by increased exports of other goods in addition to the oil that has been its mainstay in recent years. Many of the new goods are produced by American factories close to the U.S. border. They use Mexican labor, which earns much less than U.S. labor, to process materials from the United States.

Last month when many wealthy Mexicans wanted to sell pesos and buy dollars, the Mexican government held on to its reserves of dollars and allowed the price of the peso to drop sharply.

EMS: France, Citing Low Dollar as 'Threat,' Calls for Strengthening of System

(Continued from Page 1)

excessive revaluation of their currencies against the dollar.

He said that "the most pragmatic, progressive solution in the short term" was a strengthening of the role of the European Monetary Cooperation Fund, which is used by central banks to smooth exchange rate fluctuations through intervention on currency markets.

The Deutsche mark's recent strength against the dollar has led to severe strains within the EMS, particularly against the weaker currencies such as the French franc.

In a clear reference to West Germany, Mr. Balladur asserted that countries with the most restrictive monetary policies should not be in a position to impose their views on other members of the system.

The EMS links the mark; the French, Belgian and Luxembourg francs; the Italian lira, the Dutch guilder, the Danish krone and the Irish pound.

The EMS sets ranges in which the currencies can fluctuate against one another. Referring indirectly to the lira, Mr. Balladur argued that all member currencies should have the same allowable percentage range for variations.

The Italian currency is allowed a wider range of fluctuation than other currencies in the system.

Speaking a day after European Community leaders failed to solve the community's budget crisis at a summit meeting in Copenhagen, Mr. Balladur said there was too little convergence in policy among European economies.

He also criticized the EMS itself for what he described as its inability to influence the relationship between European currencies and those outside the system.

In Basel on Monday, central bankers will open two days of private talks at the Bank for International Settlements, described as the central bank of central bankers.

Policy initiatives approved at the organization's monthly meetings rarely are made public. But the talks will be closely watched because of mounting concern that the stock market downturn could lead to a world recession.

Major European countries appear to have reached a tentative agreement on cutting the huge U.S. budget deficit, which is widely seen as the central problem facing the world economy.

But many economists doubt that such moves will be enough to stabilize the dollar or rectify the huge imbalances in trade and payments between Japan and West Germany on one hand and the United States on the other.

Central bankers are expected to discuss what steps they should take to halt the dollar's slide as well as economic goals for 1988, which are fixed by many monetary authorities at the end of the year.

The stock market collapse has made it difficult for governments to set targets for economic growth, spending and the money supply. West Germany's Bundesbank, which had been due to set a new target for money supply on Dec. 17, has delayed its decision for a month.

(Reuters, AFP)

BONN: Built-In Rigidity Stalls Growth, Economists Say

(Continued from first finance page)

help," said Hans-Jürgen Krupp, head of the DIW economic institute in Berlin, one of five research institutes that advise the government.

Moving up tax reforms scheduled for 1990 would help, he added.

Martin Hellwig, a West German economics professor who teaches at the University of Basel in Switzerland, shared Mr. Krupp's pessimistic view, particularly on unemployment. But he said that necessary change is often thwarted by "an ossification of economic structures."

"As an example, he described an 'unholy coalition of local employers and municipalities preventing new businesses from getting the regulatory approval needed to acquire land and build on it."

"This goes on all the time," he said.

Mr. Krupp said that slow increases in wages and more evenly expansive fiscal and monetary policies might be a solution to accelerating West German growth.

Raising the nation's budget deficit through higher spending also would help stimulate demand, he said, but there is no indication whether the Kohl government will actively pursue such a course.

"We have more public debt that can be used for demand purposes," said Mr. Krupp, the DIW institute head. "Now that the Americans can no longer fuel global economic growth by running deficits, no one else is willing to step in to do it. In a phase of economic weakening, letting public indebtedness rise is necessary."

OPEC: Quarrels, Market Forces Set the Stage for Another Price Collapse

(Continued from Page 1)

Saudi Arabia, to deepen Iran's isolation within and outside OPEC.

Iran's determined pursuit of the Gulf War and the riots of Iranian pilgrims in Mecca in July, as well as Iran's growing menace in the Gulf, have embittered Saudi Arabia.

Oil analysts say that virtually all of the oil sold by OPEC members is now discounted at \$1 to \$3 below the benchmark price of \$18 a barrel that OPEC set a year ago and worked hard to maintain until a few months ago.

In addition, the group's 13 members are producing more than 2 million barrels a day above its mandated collective quota of 16.6 million barrels a day, flooding the markets with cheaper oil.

"If the current price discounting we are hearing about is in fact being carried out by certain countries," Sheikh Ali of Kuwait said in an interview with the weekly news-letter Middle East Economic Survey, "this will definitely lead to a reversion of 1986."

Oil analysts say this winter will be OPEC's toughest test.

Among other things, the overproduction by OPEC at discounted prices has led all oil companies to hoard the cheap oil in anticipation of using it in the winter.

This means that oil companies will not buy as much as they usually do in winter, and then they may unload the cheap oil, flooding further the glutted markets. This unloading, some analysts say, could reach the rate of a million or more barrels a day.

Another ominous factor is the possibility that recessionary pressures from the stock market collapse in mid-October may reduce already meager demand for oil next year.

There is also new oil output. North Yemen will start to produce about 200,000 barrels a day, at the same time OPEC meets in Vienna.

Syria, which is not an OPEC member, is boosting its exports by 66,000 barrels a day and other producers around the world are putting a total of 500,000 barrels of new oil into the markets. Mr. Terzian of Petrostrategies estimates.

John Lichtblau, president of the New York-based Petroleum Research Industry Foundation, said the call on OPEC oil early next year will be below 17 million barrels a day, while the group is producing far above that.

The likely upshot, analysts speculated, is a steep fall in price.

"We are putting odds at two out of three that OPEC prices reach \$15 per barrel by mid-February 1988," said Charles T. Maxwell, a Wall Street analyst with Cyrus J. Lawrence. If that happens, he said, the chances are about equal that prices will fall to \$12 a barrel by mid-May.

More than ever before, the Gulf War is at the heart of OPEC's problem. A bitter dispute about how much oil Iraq and Iran are entitled to produce under the complicated formula of OPEC's quota system appears intractable.

"The real question is, will Iran accept parity with Iraq, and, if it does not, whether we will give the quota to Iraq anyway and conclude an agreement with Iran," the Arab Gulf source said. "This is possible, but it is not good for OPEC."

Iraq is producing about 2.7 million barrels of oil a day.

Last week it said it would cooperate with OPEC and lower its output to take pressure off world prices, but only if it is given parity with Iran's quota of 2.3 million barrels a day, a position Iran has so far rejected.

For their part, the Iraqis have insisted that the Iraqi quota remain at the OPEC mandated level of 1.5 million barrels a day.

Saudi Arabia and its allies in the Gulf — Kuwait, the United Arab Emirates and Qatar — seem adamant in their support of the Iraqi position and prepared to work at isolating Iran in this meeting.

■ Iraq Cites New Reserves

New oil fields have been discovered in Iraq, boosting its confirmed reserves to about 100 billion barrels of oil, an Iraqi official said Sunday, The Associated Press reported from Nicosia, Cyprus. The AP dispatch quoted an Iraqi News Agency interview with the director-general of the state Oil Exploration Co.

Filling a Gap, Medium Is the Message

By Carl Gewirtz
International Herald Tribune

PARIS — Medium-term notes, designed to fill the gap between money-market instruments of less than one year and the bond market, where life generally starts at five years, should flourish, proponents believe, now that the fixed-coupon Eurodollar bond market is effectively closed.

The major beneficiary of the uncertain outlook for longer-term dollar interest rates has been the Euro-commercial paper market. But bankers say there is demand for longer term paper that cannot be filled by CP and is unwilling to go into bonds.

In the United States, the medium-term note market has expanded over recent years to about \$40 billion outstanding. Proponents are persuaded that the international market, although slow to take off, is ripe for expansion. The main problem, they report, is a paucity of paper.

As in the commercial paper market, issuers can channel demand to preferred maturities by proposing attractive rates. Spain, for example, last week was offering to sell one-year paper for a yield of 7 1/2 basis points over Treasury paper, whereas proposed terms on longer dated issues were a spread over Treasuries in the low 50s.

Dealers report no investor interest for sovereign notes yielding less than 65 basis points over Treasuries.

Corporate yields are higher, with GMAC, the financing arm of General Motors Corp., last week posting prices of 97 basis points over Treasuries for paper maturing between one year and 18 months.

The latest entry to the market announced last week is SwedBank. Arranged by S.G. Warburg, the \$200 million program will be offered by a group of dealers including Warburg, First Chicago, Merrill Lynch and Salomon Brothers.

In the CP market, Nederlandse Gasunie NV, the Dutch gas supplier, announced plans to tap both the international and U.S. market with programs of \$150 million each. Citicorp is arranger and will be joined by Morgan Guaranty as dealer.

Ciba-Geigy AG, the Swiss-based chemicals company, will offer up to \$200 million of Euro-CP, with Swiss Bank Corp., Morgan Guaranty and Union Bank of Switzerland named as dealers.

Chemicals and metals group Klöckner & Co., the first West German company to tap the market in 1985, said last week it was enlarging its program to \$100 million from the \$60 million initially announced. It is continuing to use the now outmoded method of asking a bidder panel, made up of 35 banks, to bid for paper.

Volvo AB, the Swedish automaker, is seeking a \$700 million multi-option facility. This is made up of an underwritten portion, amounting to \$350 million, and an equal

INTERNATIONAL CREDIT

ing a coupon of 5% percent, was priced to yield less than the 5 1/2 percent available on domestic government paper — a reflection of the preference for Eurobonds following the government's plans to impose a withholding tax on domestic interest payments.

Foreign bankers made much of the fact that the issue for Ferrovie, considered a client of Commerzbank, was managed by Bayerische Vereinsbank. India, whose issues had been led by Dresdner, used Commerzbank for its latest issue.

West German bankers said the switching was not extraordinary. But it was taken by foreign bankers as a sign that issuers are becoming more "transaction-oriented," or willing to do business based on competitive pricing and give the

METALS: Sharp Price Increases

(Continued from first finance page)

prices rose in May and kept rising, despite analysts' projections to the contrary.

Buyers and sellers are wary of price rises, according to analysts.

"Producers have taken such a knock over the past few years, they're a bit skeptical," said Philip Tomlinson, senior consultant on copper at the Commodities Research Unit in London.

"For example, there are a few idle copper mines around the world," he said. "Nobody's rushing to announce they're going to open them back up."

Many metal mines and smelters, in copper and aluminum in particular, were closed in the early 1980s because of low prices.

Standard aluminum used in the canning and aircraft industries, which was being quoted in early December at just under \$900 a ton for three-month delivery, is above 1986 levels of about \$800 a ton.

Lead, a mainstay in the battery industry, stayed above its \$280-a-ton 1986 average in 1987, and was trading around \$350 a ton in early December.

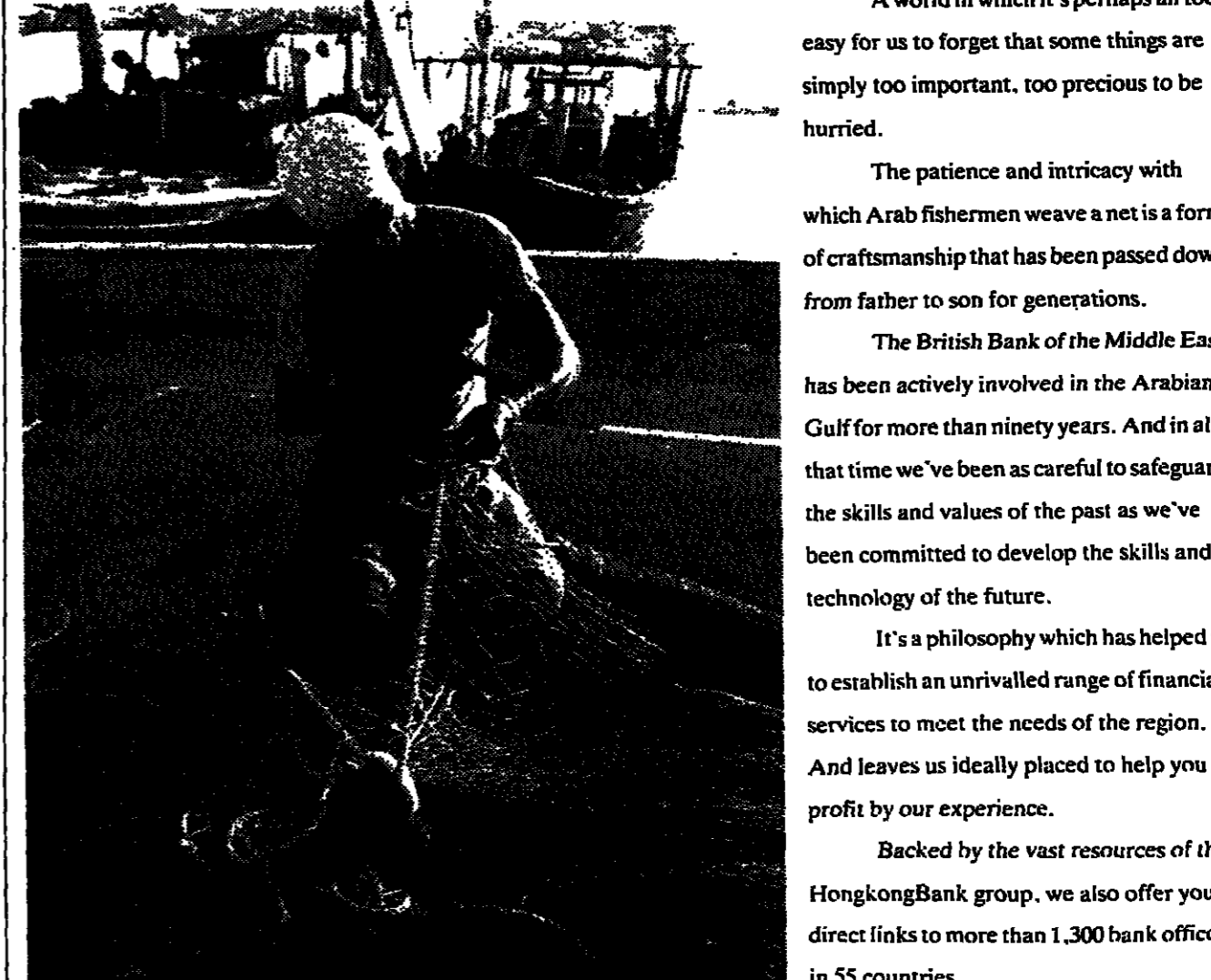
Only zinc, used in protecting steel and in the construction and transportation industries, saw a downturn in 1987, to \$476 a ton from an average \$540 in 1986.

Tin has still not resumed trading on the London Metals Exchange. The contract was stopped in 1985 when the International Tin Council, which bought and sold metal to stabilize prices, went bankrupt.

The price in Europe in early December was just over \$3,800 a ton,

THE BRITISH BANK OF THE MIDDLE EAST SAFEGUARDS OLD VALUES AND TRADITIONS.

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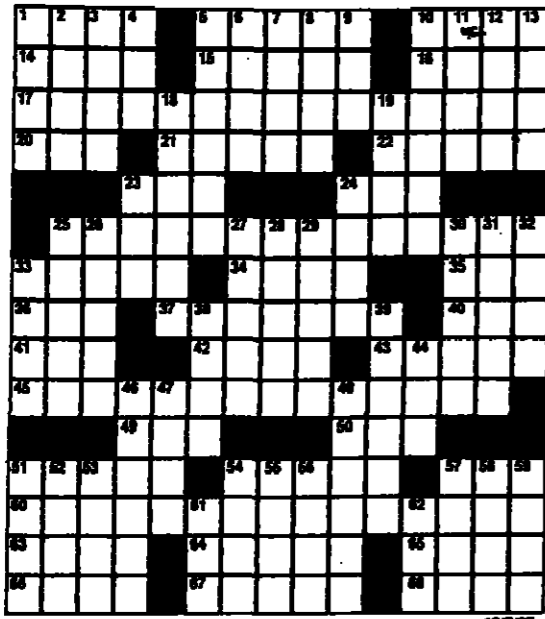
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SPORTS

SPORTS BRIEFS

Lendl, Wilander Advance to Masters Final



ACROSS
1 Actress Moreno
5 Sourdough's deed
10 Saroyan hero
14 'Yes'
15 Capucini
16 Arrived
17 Jack
20 Individual
21 Stair part
22 Sluggish
23 Sound receiver
24 Snow, to Burns
25 Jack
33 Lawful
34 Start of a counting-out rhyme
35 Compass dir.
36 Fronton cheer
37 Evening meal
40 Margin
41 Nabokov novel
42 Use a
43 Part of
44 Spainola
45 Jack
48 Zilch
49 Porter
51 Crow
54 Take care of
57 Exist
60 Jack

Woodsman Takes Million-Dollar Golf Event

SUN CITY, South Africa (AP)—Welshman Ian Woodsman, who had held a one-shot lead after Saturday's third round, won the biggest prize in golf history Sunday by clinching the winner-take-all Million Dollar Challenge with an eagle-2 en route to his second consecutive 4-under-par 68.

Holyfield and Park Winners in Title Fights

ATLANTIC CITY, New Jersey (AP)—Evander Holyfield knocked out Dwight Muhammad Qawi with a crushing right to the jaw in the fourth round and retained the International Boxing Federation and World Boxing Association cruiserweight titles here Saturday night.

On Sunday in Seoul, Park Chong-pal won the World Boxing Association supermiddleweight title by knocking out Jesus Gallardo of Mexico 27 seconds into the second round. The Associated Press reported, Park, the International Boxing Federation supermiddleweight champ, was the top contender and Gallardo second-ranked in the newly created WBA division. Park's record is 44-3-1, while Gallardo is 19-2 lifetime.

With one minute gone in the fourth round, Holyfield hurt the 34-year-old Qawi with four jabs and a right to the chin. A left hook floored the challenger, who took a mandatory eight count. Holyfield went right back to work, a right to the head putting Qawi down for good at 2:30. Holyfield, 24, improved to 17-0 lifetime; Qawi is 28-5-1.

NHL's Savard Fired

QUEBEC (AP)—The Quebec Nordiques fired coach Andre Savard late Friday, 24 games into his first National Hockey League season, and replaced him with Ron Lapointe.

Savard, 34, was named June 19 to succeed Michel Bergeron, who left to become coach of the New York Rangers. But his stint lasted less than two months, ending a day after the Nordiques lost for the eighth time in their last nine games.

Lapointe, 38, took over as coach in Fredericton last June. Shared by Quebec and the Vancouver Canucks, Fredericton is 14-6-3 this season, first in the Northern Division of the American Hockey League.

NEW YORK — Two-time defending champion Ivan Lendl reached the Masters tennis championship final Sunday for the eighth straight time with a 6-2, 6-4 victory over eighth-seeded Brad Gilbert Sunday, while No. 3 Mats Wilander beat fellow Swede Stefan Edberg, 6-2, 4-6, 6-3, in the other semifinal at Madison Square Garden.

Lendl needed only 87 minutes to beat Gilbert for the second time in the round-robin tournament and 14th time overall without a defeat. He beat Wilander earlier this year in the French and U.S. open finals and holds a 12-6 edge in their series.

Edberg had won 15 straight matches going into the semifinals, including a straight-set victory over Wilander in round-robin play Saturday. But the No. 2 seed didn't play nearly as well in their semifinal and Wilander played much better.

"The main thing was I returned much better against his serve," said Wilander, who reached the Masters final for the first time, while Lendl is going after a record fifth title. "You have to go for returns against him. Otherwise, his volleys are too good."

Wilander, who won only two points on Edberg's serve in the first set Saturday, returned brilliantly in the opening set Sunday. He broke Edberg's serve three times en route to winning the set in 39 minutes.

Edberg, who had 23 unforced errors, broke to take a 3-1 lead in the second set. But Wilander broke back in the next game and they remained on serve until the final game, which went to 30-all before Wilander netted two straight shots to end the set.

Edberg fell behind 4-0 in the third set, losing two service games

on double faults, and couldn't dig himself out of the hole. He broke Wilander to make it 5-3, but Wilander broke back in the next game to win the match.

On Saturday, Lendl beat Boris Becker, 6-4, 6-7 (3-7), 6-3, eliminating the West German from the round-robin tournament and giving Gilbert the last semifinal berth, while Edberg beat Wilander, 6-2, 7-6 (7-5).

Becker, the No. 5 seed who had lost the last two Masters finals to Lendl, needed to beat Lendl in straight sets to advance.

Wilander and Gilbert, who both finished the round-robin with 2-1 records, advanced to the semifinals because they were runners-up in their four-man groups. Becker, too, would have been 2-1 had he beaten

Lendl. But under the complicated Masters rules the two-time Wimbledon champion needed a straight-set victory to edge out Gilbert for the last semifinal berth.

"He played horribly in the first set because there was pressure on him, but once he realized he was out of the running, he started to hit good," said Lendl, who raised his record against Becker to 7-3.

Becker, plagued by double-faults in his earlier matches, had nine against Lendl. He had a chance to take a 2-0 lead in the first set, but Lendl saved two break points and went on to win the game when the 20-year-old West German mis-hit a backhand. The only break of the set came in the next game. Becker led, 30-15, but double-faulted twice in a row, then netted a forehand.

When Becker won the second-set tie breaker, it snuffed Lendl's 25-set Masters winning streak, which dated back to January 1985, when John McEnroe beat him in the final. Edberg overpowered Wilander in their first set, losing only two points on serve, and appeared in control in the second set after taking a 5-3 lead. But Wilander fought back two match points in the next game and held serve to close to 5-4.

Edberg had two more match points in the 10th game, but double-faulted on the first and netted a volley on the second. Wilander then came up with two straight passing shots to even the set at 5-all.

After each held serve, Edberg took a 3-0 lead in the tie breaker. Wilander saved a fifth match point at 6-4, but he hit a backhand wide on the next point to end the match. Lendl, Wilander and Edberg had clinched semifinal berths Friday night. Edberg when Wilander defeated Pat Cash and Becker lost to Gilbert for the third straight time.

Wilander beat Cash, 7-6 (7-3), 6-3. Lendl won the next match when No. 4 Jimmy Connors retired because of illness after falling behind, 4-3, in the first set and Gilbert, who upset Becker at the U.S. Open, beat him again, 4-6, 6-4, 6-4.

Connors, suffering from a cold and ear infection, already had lost his first two matches.

In the Becker-Gilbert match there were five service breaks in the opening set, Becker getting the decisive one in the 10th game. After he broke for a 2-0 lead in the second set, Gilbert retaliated in the third game and he broke again in the fifth, courtesy of two double faults by Becker.

There was only one break in the final set, Gilbert getting it in the seventh game, then serving out the 2½ hour contest. Becker had managed only three aces.



Stefan Edberg: Back-to-back matches with competitor Wilander.

Solution to Friday's Puzzle

TAB TAPIR TALLI
ALEA IRENE ARID
CALL TINKERBELL
OILWELLS ALLATE
WANE ACME
PREYS PALESTRA
EATS ROLLA STIRE
AACH ENTER NER
REEP AGANA AGNI
DRILLERS REAIS
NAME TINA
ASSAM AMENABLE
BELBOTTON TEAR
BALL SALOP ELKS
ARTY SPINE LEE

DENNIS THE MENACE



"NO, YOU DO NOT HAVE THE RIGHT TO REMAIN SILENT!"

JUMBLE

Unscramble three four-letter words, one letter to each square, to form four ordinary words.

ETIRP
HAUDE
MYCALL
DROVEN

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: O O O O I N O O O O O

Answers tomorrow

Friday's Jumble: STAIR NOISY DUFFESS PLAQUE
Answer: Another name for that old-time harem—the "LASS ROUNDUP"

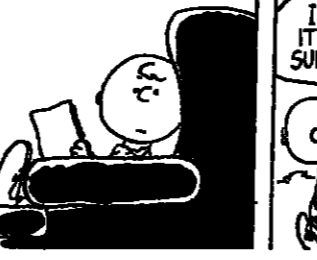
WEATHER

Table with weather forecasts for various cities including Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania.

PEANUTS



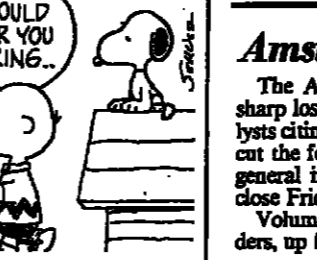
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WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam

The Amsterdam stock exchange posted a sharp loss in dull trading last week, with analysts citing dissatisfaction with the U.S. pact to cut the federal budget deficit. The ANP-CBS general index fell 15 points for the week to close Friday at 198.3, for a loss of 7 percent.

Frankfurt

The fall of the dollar to record lows against the Deutsche mark depressed West German stock prices last week, with the Commerzbank index losing 62.9 points to end at 1,296.7.

Hong Kong

Hong Kong stock prices fell steadily last week. The market's key barometer, the Hang Seng index, slipped through the psychological barrier of 2,000 Friday to finish at 1,994.22 points, a loss of nearly 200 points for the week.

London

The London Stock Exchange lost more ground last week amid persistent worry about the dollar's instability. The Financial Times-Stock Exchange index of 100 shares ended 45.5 points lower, at 1,262.7.

Milan

The fragility of the dollar forced Milan stocks downward in thin trading after a sharp

improvement the previous week. The exchange index retreated 3.66 percent for the week to close at 712 points Friday.

Among the shares worst hit was Montedison, which lost 35 percent in five days.

Paris

Prices on the Paris Bourse fell by 6.2 percent last week, with the CAC index ending at 278.3, compared with 296.5 a week earlier.

On the basis of spot trend indicators, stock prices have fallen 29 percent since the beginning of the year.

Singapore

Share prices came under widespread selling pressure in Singapore last week, with the Straits Times industrial index losing a hefty 80.87 points, most of it Friday, to close at a 16-month low of 734.38.

Analysts said the downturn was exacerbated by an absence of foreign fund managers and small local investors as well as the recent declines in Hong Kong.

Tokyo

Share prices declined on the Tokyo Stock Exchange last week in erratic trading influenced by the fall of the U.S. dollar. Share prices had climbed over the two previous weeks.

Zurich

Zurich stock prices plunged 7 percent last week to approach the year's low. The Credit Suisse index finished at 414.2 Friday, against 444.8 the previous Friday and 406.5, the low, on Nov. 10.

U.S. Reportedly Seeks to Soften Congressional Action on Japan

By Clyde H. Farnsworth
New York Times Service
WASHINGTON — President Ronald Reagan's cabinet favors some form of retaliation against Japan for its unwillingness to let American companies compete in Japanese construction projects, administration officials have said.

But it opposes a measure that was approved overwhelmingly in the House of Representatives on Thursday that would bar Japanese companies and suppliers from public works projects in the United States, the officials added. The administration, the officials said Friday, prefers to delay any action until Japan's new prime minister, Noboru Takeshita, visits Washington in late January.

The Japanese construction industry operates like a private club that is difficult for outsiders to penetrate. Its internal structure is widely seen as a closed system of associated companies that have interlocking relationships with the government.

The U.S. House measure, if it lasts through a conference with the Senate and is not vetoed by President Reagan, would keep the Japanese out of all federally financed construction projects over the next year, Japanese contractors do about \$100 million worth of business in the United States annually. They are currently working on an expansion of the Washington Metro and on a Los Angeles subway system. The House bill would not affect existing projects.

Administration officials declined to provide specifics on what kinds of retaliation it would favor, but some trade analysts in Washington characterized the House action as stronger than what might eventually emerge from the White House. The administration is weighing

steps similar to those taken in the spring in a dispute over a computer chip pact, in which it would start a retaliatory process under Section 301 of the Trade Act of 1974.

This involves a special investigation by the trade representative's office and then a recommendation to the president that he could accept, reject or modify.

The process requires a determination of the amount of American trade lost by any restrictive practices, and then, should the president agree, action to exclude that amount of trade from the offending country.

Secretary of State George P. Shultz has persuaded the cabinet to postpone any action against Japan until Mr. Takeshita visits Washington, the officials explained.

Shultz feels it would be too much of a slap at Japan to do anything during Takeshita's honeymoon period, a senior administration trade official said, "and he's gotten the cabinet to go along." Mr. Takeshita, a former finance minister, was installed as prime minister on Nov. 6, succeeding Yasuhiro Nakasone, who had a close relationship with Mr. Reagan.

Although they were partially lifted recently, the sanctions resulting from the computer chip case are still in place against Japan. The penalties were the first trade retaliation by Washington against Tokyo in the postwar period, and they have drawn strong Japanese protests. The White House opposes the House proposal generally because it is legislatively mandated trade retaliation. "We feel the president must retain maximum flexibility in dealing with foreign governments," a trade official said.

The House measure was approved by a 399-17 vote, as an amendment to a catch-all spending bill for 1988.

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SPORTS

Miami and Oklahoma To Meet in Title Game

The Associated Press MIAMI — Second-ranked Miami held off No. 8 South Carolina, 20-16, Saturday night to set up U.S. college football championship showdown with Oklahoma.

In the other major confrontation on the final day of the regular season, Army's run-oriented wishbone offense downed Navy in the service academies' traditional game.

For the second straight year, Miami is headed for a title showdown. But instead of traveling to the far-off Fiesta Bowl, where last season the Hurricanes lost, 14-10, to Penn State, they will play this one in their backyard, the Orange Bowl.

That's where they completed a second straight 11-0 regular season by beating South Carolina, and that's where they will meet No. 1 Oklahoma on New Year's night.

Miami became the fourth team to put together two straight 11-0 regular seasons since the NCAA added an 11th game in 1970. South Carolina, 8-3 after having a six-game winning streak snapped, will play LSU in the Gator Bowl.

Holder Jeff Peagles ran 24 yards to the South Carolina six on a fake field goal to set up Melvin Bratton's four-yard go-ahead touchdown run in the second period.

Peagles' only run this season made him Miami's leading rusher for the game. But sophomore Steve Walsh, the successor to 1986 Heisman Trophy winner Vinny Testaverde, threw for a career-high 310 yards and was 22 of 40 passing, which included his 18th and 19th TD passes of the season.

Ganscocks' only touchdown came on a four-minute drive and gave them a 13-7 lead early in the second period, when wingback Sterling Sharpe turned a short pass from Todd Ellis into a 47-yard TD.

Army 17, Navy 3. In Philadelphia, Bit Rambusch kicked a 40-yard field goal in the first quarter and Andy Peterson and senior quarterback Tony Crawford ran for fourth-quarter touchdowns as Army won the 88th game of the service academy rivalry.

The victory, before a sellout crowd of 68,000, was the Cadets' third in four years and narrowed Navy's lead in the series to 41-40-7. The Middies (2-9) were hurt less than two hours before game time when starting center Matt Felt and guard Joe Brennan were told they



Matt Bellini, above, caught two TD passes to help Brigham Young beat Colorado State, 30-26, before a crowd of 7,652 in Saturday's Melbourne Australia's second largest city had hoped to attract about 20,000 to Princes Park Stadium, which seats 32,000.

Brown Wins Heisman; McPherson a Distant Second in Voting

By Robert McG. Thomas Jr. New York Times Service

NEW YORK — Tim Brown, the flashy Notre Dame flanker and kick-return specialist, has won the 1987 Heisman Award as the outstanding U.S. college football player, eclipsing his chief rival, Don McPherson, the quarterback who led Syracuse to its first undefeated regular season in 28 years.

In balloting by the 1,050 voters, most members of the sports news media, Brown received 1,442 points Saturday. McPherson came in second with 831 points, followed by Gordie Lockbaum, the two-way player from Holy Cross, 637; Lorenzo White, the Michigan State running back, 632; and Craig Heyward, the junior tailback from Pittsburgh, 170.

Each ballot named three players, with first-place votes worth 3 points, second-place votes 2 points and third-place votes 1.

The trophy had been all but conceded to Brown until the final two games of the season, when a mid-dling performance in a 21-20 loss to Penn State was followed by a dismal showing in a 24-0 rout by Miami.

In the last game, Brown caught only three passes, dropped three and accounted for only 97 all-pur-

pose yards, well off his season average of 167.9 per game.

Although that clearly gave a boost to McPherson, who has been widely regarded as a highly accomplished but not spectacular player, the element of timing was still in Brown's favor because about a third of the 1,050 voters had sent in their ballots before the Miami game Nov. 28. The deadline for voting was noon Friday.

Brown's coach, Lou Holtz, said Saturday there was a reason for the player's decline. He said that Brown had separated his right shoulder while practicing for the sixth game of the season, against Southern California, and had aggravated the injury during the game. Holtz said Brown had played thereafter in tremendous pain.

Brown's coach, Lou Holtz, said Saturday there was a reason for the player's decline. He said that Brown had separated his right shoulder while practicing for the sixth game of the season, against Southern California, and had aggravated the injury during the game. Holtz said Brown had played thereafter in tremendous pain.

The 6-foot, 182-pound McPherson, a confident, consistent competitor, completed 129 of 229 passes for 2,341 yards and 22 touchdowns while rushing for 199 yards and 5 touchdowns. He led Syracuse to its first undefeated season since 1959 and its first major bowl bid in 23 years, the Sugar Bowl, in which it will face Auburn. In the 1965 Sugar Bowl, Syracuse lost to Louisiana State.

McPherson was seeking to become the second Syracuse player to win the trophy, following Ernie Davis, who won in 1959, the last time the Orange had an undefeated season. Few colleges have produced more than one Heisman winner. The others are Notre Dame (7), Ohio State (5), Southern Cal (4), Oklahoma and Army (3 each) and Yale, Georgia, Navy, Nebraska and Auburn (2).



Tim Brown, after receiving the 1987 Heisman Trophy.

Montana Sets Passing Record; 49ers, Redskins Gain Playoffs

The Associated Press GREEN BAY, Wisconsin — Joe Montana completed his first 17 passes, setting a National Football League record, threw for 190 touchdowns and ran for another Sunday afternoon as the San Francisco 49ers beat the Green Bay Packers, 23-12, and clinched their fifth straight playoff berth.

Montana threw a 57-yard touchdown pass to Jerry Rice with 7:32 left that ensured victory. The 17 straight completions, coupled with five straight 100-yard before, broke the record of 20 held by Ken Anderson of Cincinnati.

Montana's two touchdowns passes give him a career-high 29 for the season, while Rice has caught a scoring pass in 10 straight games, one short of the NFL record.

Montana, the league's top passer, was 26 of 35 passing for 306 yards, including 19 of 22 in the first half. The 49ers also came up with three second-half interceptions and

NFL ROUNDUP

A fumble recovery to thwart the Packers, who closed to 16-12 on Paul Ott Carruth's one-yard touchdown run in the third quarter following an interception by teammate Dave Brown.

Redskins 17: In St. Louis, Jay Schroeder keyed a 21-point third-quarter rally that gave Washington its fourth National Conference Eastern Division title in seven years.

Schroeder was eight of nine passing for 126 yards in that period as the Redskins produced three touchdowns in a span of 5:48. Schroeder ran for one and passed for another as the Redskins came from behind for the second straight week.

Schroeder who had thrown an 84-yard touchdown pass to Gary Clark in the first quarter, was 13 of 25 passing for 235 yards, with one interception. He ran seven yards on a quarterback draw with 6:11 left in the third quarter to end an eight-play, 71-yard drive.

The Cardinals' Derrick McAdoo fumbled on the ensuing kickoff and Dennis Woodberry recovered at the St. Louis 17. Three plays later, George Rogers, who had 134 yards, ran in untouched from six yards to put the Redskins on top, 24-17.

Colts 9, Browns 7: In Cleveland, Dean Biasucci kicked three second-quarter field goals and the Indianapolis defense preserved the victory by forcing a fourth-quarter fumble near its goal line.

Biasucci, who has been good on 20 of 23 field goal tries this season, connected from 33, 37 and 41 yards on consecutive possessions in the second quarter, the last kick coming with nine seconds left in the half.

The Colts' Eric Dickerson ran 27 times for 98 yards, which ended his string of consecutive 100-yard games at four.

a seven-yard pass at the Steelers' 19 and linebacker Bryan Hinkle recovered for Pittsburgh.

Oilers 33, Chargers 18: In Houston, Warren Moon, playing despite an injured shoulder, scored one touchdown and Robert Lyles returned a fumble, one of four that San Diego lost, 55 yards for another.

The victory put the Oilers in a tie with Cleveland and Pittsburgh for the AFC Central Division lead. The Chargers lost their third straight.

Moon, who did not throw a pass until pregame warmups, scored on a three-yard bootleg with 13:20 to play, then departed after completing 13 of 24 passes for 186 yards. Mike Rozier, who left the game three times with injuries, scored on a one-yard run in the third quarter for the Oilers' other touchdown.

Falcons 21, Cowboys 10: In Irving, Texas, safety Robert Moore returned a fumble for a touchdown and set up another score with a second recovery as Atlanta ended a six-game losing streak.

The Falcons hadn't won since the players' strike, while Dallas, playing before the smallest Texas Stadium crowd in Cowboy history, 40,103, lost almost all chance of gaining the playoffs.

Rams 37, Lions 16: In Pontiac, Michigan, Charles White rushed for 102 yards and two touchdowns and Jim Everett passed for a career-high 324 yards and two touchdowns as Los Angeles won its fourth straight.

White, who has rushed for more than 100 yards in six games this season, including each of his last four, had two one-yard scoring runs in the second half.

Giants 23, Eagles 20 (OT): In East Rutherford, New Jersey, Raul Allegre, who had missed on two field goal tries, kicked a 28-yarder with 4:49 left in overtime to beat Philadelphia, whose John Telschick set an NFL mark by punting 15 times.

The game-winning drive started on the first play of overtime and was kept going by Phil Simms's 36-yard pass to Mark Bavaro, which put the ball at the Eagles' 20. Two runs by George Adams got the ball to the 11 and Allegre won it, after his team led a 14-point lead get away with less than four minutes to play.

Bengals 30, Chiefs 27 (OT): In Cincinnati, Jim Breech's 32-yard field goal, his third of the game, atoned for an earlier blocked kick and beat Kansas City with 5:16 to play in the extra period.

SCOREBOARD

Selected U.S. College Results

Table with columns for conference (Midwest, South, West, East, South), school names, and scores. Includes games like Florida St. 63, Penn St. 49 and Boston 111, New Orleans 94.

National Basketball Association Standings

Table showing NBA standings for Eastern Conference (Atlantic, Central, Western) and Western Conference (Midwest, Pacific). Lists teams like Boston, Philadelphia, New York, and their win/loss records.

Basketball

Table of college basketball results from various conferences including Southwest, Midwest, and South. Lists schools like Arkansas St., Baylor, and Houston with scores.

National Hockey League Standings

Table showing NHL standings for Wales Conference and Patrick Division. Lists teams like NY Islanders, New Jersey, and their win/loss records.

European Soccer

Table of European soccer results from various divisions including Spanish First Division, French First Division, and West German First Division.

Hockey

Table of hockey results from various leagues including National Hockey League Standings, WALES CONFERENCE, and Patrick Division.

Transition

Table of baseball transition results from various leagues including American League and National League.

Football

Table of college football results from various conferences including Army 17, Navy 3, and Apollonion 31, Vt. Geotale Southern 0.

World Cup Skiing

Table of women's downhill skiing results from the World Cup, listing names like Christl Cray and their times.

Swiss Downhill Bournissen Surprise Winner Over Kiehl

The Associated Press VAL DISISER, France — Champion Bournissen of Switzerland scored an upset victory Saturday in a women's World Cup downhill race, beating West German Marina Kiehl by 13-hundredths of a second.

World Cup Skiing

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Men's Downhill Postponed

Thick fog and heavy snow forced World Cup organizers to postpone a men's downhill race Sunday, the Associated Press reported from Val d'Isere. The event is scheduled for Monday.

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POSTCARD

Tepee Jokes and Bingo

By Nick Ravo
New York Times Service
LEDYARD, Connecticut — The Tepee jokes elicit only strained smiles from most residents on the Mashantucket Pequot Indian Reservation. Tribe members hear them often from tourists and out-of-towners.

Ron Wood, Rolling Artist

By Richard Harrington
Washington Post Service
WASHINGTON — Ron Wood's major influences include Bo Diddley, Chuck Berry, Michelangelo, Howlin' Wolf, and the Turners, Big Joe and J.M.W.



Artist Wood with his wife, Jo.

into the role of mediator within the group. "I'll give it a year or two. As to whether the Stones will ever tour, much less record together again, Wood sighs. "I wish I could say for sure. People want to know, don't they?"

Field Checks and Traps

By William Safire
WASHINGTON — The language of obtaining prior approval — has never been examined by scholars. That vacuum in philology will be filled today.

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